SUPREME COURT

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IN THE

# Supreme Court of the United States

October Term, 1967

No. ~~1392~~ 162

TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,

*Petitioner,*

*against*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,

*Respondents.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Petitioner, Tidewater Patent Development Company, Incorporated, prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Fourth Circuit in the above-entitled case.

### Opinions Below

The Opinion of the Court of Appeals is reported officially at 371 F. 2d 1004 and is reprinted in the Appendix, pp. 2a-18a, *infra*. The opinion of the Court of Appeals modifying and confirming its original opinion is reported officially at 371 F. 2d 1004, 1013 and is reprinted in the Appendix, pp. 19a-21a, *infra*. The opinion of the United States District Court for the Western District of Virginia, Roanoke Division, is not officially reported and is printed in the Appendix, pp. 22a-42a, *infra*.

## Jurisdiction

The judgment of the Court of Appeals was entered on November 29, 1966 (Appendix, p. 43a). On December 28, 1966, an extension of time to January 27, 1967, was granted within which to petition for a rehearing. A timely Petition for Rehearing En Banc was denied on February 14, 1967 (Appendix, p. 1a, *infra*). The jurisdiction of this Court is invoked pursuant to 28 U.S.C. Sec. 1254 (1). The basis of jurisdiction in the District Court was 28 U.S.C. Sec. 1338(a).

## Questions Presented

**Departure from accepted course of judicial proceedings: abrogating the "clearly erroneous rule".**

1. When the District Court finding that the 323* invention was discovery of a new composition of matter and a new use of that composition is supported by the plain meaning of the patent language in the disclosure and claims, the inventor's definition of terms and the record as a whole, has the Court of Appeals radically departed from the usual course of judicial proceedings when it abrogates the requirements of Rule 52(a) of the Federal Rules of Civil Procedure by holding, as a matter of law, that such was not the invention on the basis of two, short, quoted colloquies between court and counsel in the heat of trial, outside of and contrary to the context of the record, contrary to the unambiguous meaning of the words of the colloquy and under a complete misapprehension of the most elementary principles of patent law?

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* U.S. Patent No. 2,736,323 is the patent in suit and is hereafter referred to in this petition as 323.

**Departure from accepted course of judicial proceedings: disregarding petitioner's briefs and arguments.**

2. Has the Court of Appeals so utterly misapprehended the plain statement of Tidewater's position on appeal (the 323 invention is the discovery of a new composition of matter and a new use of that composition) that it has effectively deprived Petitioner of the elementary right of a day in court on an appeal by crucial determinations of fact and law, made on the erroneous premise that Tidewater changed its position on appeal?

**Departure from accepted course of judicial proceedings: incapacitating confusion.**

3. Do the opinions of the Court of Appeals, originally and on petition for rehearing, manifest blind adoption of the decisions of the Second Circuit (in which petitioner was neither a party nor privy to a party therein) without regard to the wholly different record in the case at bar, lack of knowledge of the record below, and such basic misunderstanding of facts and principles of law applicable thereto, that any decision so grossly infected must inherently be so great a departure from the accepted and usual course of judicial proceedings as to call for an exercise of this court's power of supervision?

**Invention Estoppel**

4. If the claims of a patent objectively satisfy the requirements of the Patent Act for patentability, that is, if the invention is in fact novel, useful and not obvious from the prior art and is, indeed, truly an invention, but the Patent Office or another Court subjectively asserted an erroneous or unpatentable theory of invention, is the patentee thereafter estopped in subsequent validity litigation from asserting the true invention which the patent

actually discloses and actually claims and which the District Court held to be the invention and which is validly patentable?

**Double Patenting**

5. Is the patentability of 323 for the discovery of a new composition of matter consisting of an aqueous solution of T-acid* and ammonia (at stated pH and concentration ranges) and a new use of that composition, which is unique as a species with properties that are *sui generis*, separate and distinct from the claimed patentability of 710 ** for the discovery that special laws and criteria govern merceptans in hair waving making them under those special laws and criteria different in kind from all mercaptan hair waving compositions outside the special laws and criteria?

6. Since 710, the first issued patent, was held invalid in the Second Circuit and is conceded to be invalid in this litigation by petitioner, the patent owner, can 323 be held void as a double patent of 710?

**Complete Abdication of Judicial Function.**

7. Under established principles of law (that the primary duty of every court is to decide cases right, that a suit for patent infringement is in personam, concludes nobody but the parties and is not customarily reviewed by the Supreme Court in the absence of conflicting decisions in different circuits); in the light of the admission by the Second Circuit that its changing tests of invention made patent validity dependent on the date of adjudication;

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* Thioglycollic acid hereinafter referred to in this petition as T-acid.

** U.S. Patent No. 2,577,710 is the earlier issued McDonough patent and is hereinafter referred to as 710.

and in view of Second Circuit decisions which are irreconcilable with the earlier 710 decision; in a plenary suit between different parties, in which the Special Master and District Court adjudicated that the patent was valid and that petitioner was not the *alter ego* of the prior owner of 323; did the Court of Appeals below depart from the accepted and usual course of judicial proceedings by holding that the invalidity of 323 had been "*conclusively* demonstrated by the Federal Courts in New York" in a summary proceeding which declared 323 invalid by reason of the collateral estoppel of the earlier 710 judgment?

**Extraordinary Award of Attorney Fees**

8. After 710 was held invalid in the Second Circuit by declaratory judgment against Sales Affiliates, 323 issued to petitioner in Virginia but was held invalid in the Second Circuit on a motion for summary relief at the foot of the 710 judgment served on Sales Affiliates only, on the ground that petitioner was the *alter ego* of Sales Affiliates and subject to collateral estoppel by the 710 judgment. The first and only time 323 was litigated in a plenary action and petitioner was itself a party, the District Court in Virginia on a different record, confirmed the report of a Special Master and held 323 valid and petitioner not an *alter ego*. Question (a) In reversing, was the extraordinary award of attorney fees to the prevailing party by the Court of Appeals unconstitutional by violating the Due Process Clause of the Fifth Amendment of the U. S. Constitution? (b) Was it also in violation of Section 285 of 35 U.S. Code?

## Constitutional Provisions and Statutes Involved

This case involves: the Due Process Clause of Amendment V of the U.S. Constitution which provides in pertinent part: * * * Nor shall any person * * * be deprived of * * * property, without due process of law * * *.

Title 28 of the United States Code provides in pertinent part:

RULE 52 OF THE FEDERAL RULES OF CIVIL PROCEDURE

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b). As amended Dec. 27, 1946, eff. March 19, 1948; Jan. 21, 1963, eff. July 1, 1963.

Title 35 of the United States Code provides in pertinent part:

§ 101.

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. July 19, 1952, c. 950, § 1, 66 Stat. 797.

§ 102.

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other. July 19, 1952, c. 950, § 1, 66 Stat. 797.

§ 103.

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. July 19, 1952, c. 950, § 1, 66 Stat. 798.

§ 285.

The court in exceptional cases may award reasonable attorney fees to the prevailing party. July 19, 1952, c. 950, § 1, 66 Stat. 813.

## Statement of Facts

Indisputably, a new chemical composition of matter, an aqueous composition of thioglycolic acid and ammonia (T acid-ammonia composition) and a new use of that composition for permanently waving hair revolutionized the entire permanent wave industry throughout the world by replacing hot waving with cold waving Vol. II pp. 130-131). The McDonough 323 patent, the patent claiming that new composition of matter, is the patent in issue.

Petitioner, Tidewater, owner of 323, was plaintiff in an action in the District Court (W.D. Va., Roanoke Division) against respondents, defendants below, for infringement of 323 (Vol. I, pp. 11a-13a). However, the actual defendants in this case are Middlebrooke-Lancaster, Inc. and E. Frederics, Inc., who have controlled and directed and paid for the defense of the litigation (Vol. I, p. 243a). The District Court held 323 valid and infringed (Appendix, pp. 40a-41a). In reversing, the Court of Appeals for the

Fourth Circuit drew basic conclusions from the history of 323 and the antecedent 710. Therefore, essential facts herein must briefly include the history of 323 from the date of McDonough's conception of the invention, its course in the Patent Office, in the Second Circuit, in the Fourth Circuit in an interference appeal and finally, in the Fourth Circuit validity litigation from which certiorari is now sought by this petition. Because of this lengthy history, even the briefest synopsis is necessarily longer than is required in the ordinary case.

McDonough experimenting with T acid, one species of the mercaptan family, invented the T acid-ammonia composition for hair waving about 1937. By about April 1937, he successfully developed and used the chemical composition in use today, a water solution of T acid and ammonia at pH* about 9 and a concentration of 5% (Appendix, pp. 29a-30a). Intrigued by mercaptan possibilities but finding few of these chemical curiosities available, a scholarship program was organized at Columbia University to synthesize them. Thereafter, as these mercaptans were synthesized, McDonough experimented with them to explore the utility of other mercaptan compositions in hair waving. By 1941, thioglycerol was made available for the first time by synthesis and proved very satisfactory (Vol. II, pp. 133a-134a, 136a).

Accordingly, on June 16, 1941, McDonough filed his patent application (710 application) disclosing his inventions (Vol. I, p. 32a). In compliance with Patent Office requirements, he then filed a separate application for the T acid-ammonia composition as a continuation in part (323 application) (Vol. I, p. 30a). Thereafter, the 323 application was

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* The symbol pH denotes the negative logarithm of the hydrogen ion concentration in moles per liter of solution (a solution having a pH of 5 has a hydrogen ion concentration of $1 \times 10^{-5}$ per liter). pH is roughly a measure of acidity or alkalinity, pH 7 is neutral; solutions having a pH of more than 7 are alkaline, solutions below pH 7 are acidic.

delayed by the Patent Office which declared an interference between McDonough and Harry Martin to determine priority of invention between them (35 U.S.C. § 135) (Vol. I, p. 244a). In the meantime, the 710 application issued to Sales Affiliates, Inc. on December 4, 1951, as the McDonough 710 patent (Vol. I, p. 32a).

Helene Curtis and Gillette immediately sued Sales Affiliates in the Second Circuit to declare 710 invalid (Vol. I, p. 244a). Since Speakman had previously disclosed cysteine hydrochloride (a mercaptan) as a hair waving agent, although it was actually useless for cold waving, 710 could not be sustained as a discovery of a generic group of compositions of matter (prior disclosure of even one species precludes patentability for discovery of the genus—*Helene Curtis Industries* v. *Sales Affiliates*, 233 F2d 148, 152). According to the decisions in the Second Circuit, Sales Affiliates litigated 710 not as McDonough's discovery of new compositions of matter but as patentable for claiming the discovery of "special laws" (criticality) mercaptan waving which applied to *idem*. 233 F2d 148, 152-153. The District Court in the Second Circuit, by opinion dated April 30, 1954 (*Helene Curtis Industries* v. *Sales Affiliates*, 121 F. Supp. 490, 497) held that the 710 patent language didn't disclose that special laws were being asserted as the invention at all, that McDonough's invention date for special laws could be no earlier than his June 16, 1941 filing date (*Helene Curtis Industries* v. *Sales Affiliates*, 121 F.Supp. 490, 499), that prior to June 16, 1941, Harry Martin * and Samuel Grant * had waved hair

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* The District Court held that it was irrelevant that McDonough, as to the same species, had been prior to both Martin and Grant:

> "* * * Defendant's contention that McDonough had reduced the same species to practice long before either Grant or Martin is unavailing, since any claim by McDonough is invalidated if, *before his invention date*, a species within his generic claims was reduced to practice by another." (Original emphasis.) *Helene Curtis* v. *Sales Affiliates*, 121 F. Supp. 490, 503.

with T acid-ammonia compositions (*Helene Curtis Industries* v. *Sales Affiliates,* 121 F.Supp. 490, 502-503), that these special laws were obvious from the prior art as of June 16, 1941 (*idem.* 121 F.Supp. 490, 500) and, in any event, because these special laws made a difference only in degree and not in kind, they were not patentable (in addition, it also held that some of the 710 mercaptan formulations were inoperative) (*idem.* 121 F.Supp. 490, 496-498). On appeal, although the Court of Appeals for the Second Circuit held that the 710 patent language might be interpreted to disclose one special law (at pH above 10), it affirmed 710 invalidity on the other grounds and also on the ground that the twelve species from which McDonough had generalized special laws was not a sufficient number for proving a theory purporting to apply to a vast multitude of mercaptan compositions (*Helene Curtis Indust.* v. *Sales Affiliates,* 233 F.2d 148, 155-156).

Meanwhile 323 was still pending in the Patent Office where patentability was being urged on several grounds in the alternative, including the basic ground of new composition of matter and new method.

After the District Court in New York had held 710 invalid, Sales Affiliates divested itself of ownership of the 323 application (which was still pending in the Patent Office) by transfer to petitioner, Tidewater, a Virginia corporation, whose stock was acquired by Kinney (Vol. I, pp. 246-248). When the Board of Patent Interferences held that McDonough was the first inventor of the T acid-ammonia composition and new use of that composition, the McDonough 323 patent issued to Tidewater on February 28, 1956 (Vol. II, p. 63, Vol. I, p. 30a). Harry Martin's assignee, Cosmetics Patent Co., Inc., then instituted a review of the interference decision by suing Tidewater in the District Court of Virginia (35 USC § 146) (Vol. I, p. 251a).

Meanwhile, petitioner sued customers of Helene Curtis and Gillette in the District Court in Virginia for 323 infringement (Vol. II, p. 258a). Thereupon, Helene Curtis and Gillette made a motion in the 710 action in the District Court in New York for summary adjudication at the foot of the 710 judgment that Tidewater was the alter ego of Sales Affiliates, that Tidewater's suit for infringement of the 323 patent in the District Court in Virginia condemned the 710 injunction and that the 710 judgment compelled a judgment that the 323 patent was invalid against them on the ground of collateral estoppel (*Helene Curtis Indust.* v. *Sales Affiliates,* 148 F. Supp. 340, 342).

The District Court in New York held that it was unprecedented to pass on the validity of a subsequent patent in a summary proceeding at the foot of a prior judgment entered in an action on a different patent (*idem.* 148 F. Supp. 340, 349). Because every patent was presumptively valid and constituted a new cause of action, it held that validity of the newly issued 323 patent had to be litigated in a plenary suit (*idem.* 148 F. Supp. 340, 348). Actually, litigation of the plenary suit in Virginia was the only way that Helene Curtis and Gillette could have a complete adjudication in one litigation since petitioner, the patent owner, being a party to the plenary suit already instituted in Virginia, would be bound by the decision as *res judicata* in all ten circuits. By a divided court, the Court of Appeals, Second Circuit, reversed and remanded (*Helene Curtis Industries* v. *Sales Affiliates,* 247 F2d 940, 946). Thereupon, the District Court in New York warned that "the validity of 323 is not to be determined as though this were a plenary proceeding" *Helene Curtis* v. *Sales Affiliates,* 161 F. Supp. 345, 347; and on the ground that "*if* 323 is a criticality invention it must necessarily be invalid for these factors were held to be non-critical *in fact* in the 710 action" *Helene Curtis* v. *Sales Affiliates,* 161 F. Supp. 345, 349, it refused to consider 323 as a discovery of a new composition of matter, refused to consider McDon-

ough's 1937 invention date for the T acid-ammonia composition (*idem.* 161 F. Supp. 345, 349), refused to consider the prior art as of the 1937 invention date; and held that McDonough had sought issuance of 323 as a criticality invention* (discovery of special laws) and was, therefore, estopped from asserting patentability on any other ground (*idem.* 161 F.Supp. 345, 349-350). The District Court also held that petitioner was the *alter ego* of Sales Affiliates based on circumstantial evidence in a stale record made almost two years earlier, June 9, 1956, when petitioner had owned 323 for only three months (*idem.* 161 F.Supp. 345, 351-353). It refused to receive evidence of facts in the intervening years bearing on ownership and control.** Thus 323 was summarily held invalid, but, as the District Court expressly cautioned, only "for the purpose of this proceeding". *Helene Curtis* v. *Sales Affiliates,* 161 F. Supp. 345, 351.

At the same time that 323 was held invalid in the Second Circuit, the District Court of Virginia, by opinion dated March 26, 1958, held that Martin was prior to McDonough as inventor of the 323 composition (*Tidewater Patent Development Co.* v. *Gillette Co.,* 273 F2d 936, 942).

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* Note how the court begs the question and how the decision is based on a semantic fallacy. In 710, the Court of Appeals expressly approves the analysis that McDonough's *definition* of criticality was irreconcilable with criticality as a word of art in patent law. *Helene Curtis* v. *Sales Affiliates,* 233 F. 2d 148, 152, 153. Therefore, it follows that McDonough never sought issuance of 323 on the basis of "criticality" as that term is employed in the Second Circuit cases. Hence, it was error to refuse to interpret the 323 patent according to his dictionary of terms as a new composition of matter in which certain formulations represented the optimum conditions of use.

** The Court "froze the issue as of the time of the Master's Report." *Helene Curtis* v. *Sales Affiliates,* 159 F. Supp. 582, aff'd 254 F. 2d 470 *Cf. McCart* v. *Indianapolis Water Co.,* 302 U.S. 419, 422, that it was error to make a finding as of 1933 applicable to a decree in 1935 "without taking appropriate account of changed conditions in the interval. * * *"

Its cause of action on 323 essentially destroyed by Martin's victory, petitioner discontinued the 323 infringement litigation pending in Virginia and appealed from the adjudication in favor of Martin (*idem* 273 F2d 936). Gillette, one of the victors in the New York 710 action and in the New York 323 summary proceeding, acquired the interest of Martin's assignee and was substituted as appellee (*idem* 273 F2d 936, 938). The opinion of the Court of Appeals, Fouth Circuit (Soper, J.), expressly recognized that the appeal was taken by petitioner "notwithstanding the declaration of invalidity of both McDonough patents in the Second Circuit for the apparent purpose of protecting the owner of the patents in such further litigation as may ensue * * *" *Tidewater* v. *Gillette,* 273 F.2d 936, 938; distinguished the 710 invention adjudicated in New York from the 323 invention before it,* stating "There are substantial differences between the two formulae" *Tidewater* v. *Gillette,* 273 F.2d 936, 939; and held that McDonough was the first to conceive the 323 invention and the first to reduce it to practice.

Petitioner's brief on that interference appeal in the Court of Appeals, Fourth Circuit, stated McDonough's position on the role that pH played in the T acid-ammonia composition as follows:

> "Because thioglycollic acid and ammonia are both variables (purity and strength) they require a control. Control within the pH range disclosed in the counts results in total usefulness of the solution for a complete range of curl values for all kinds of hair within practical waving times without danger of hair destruction. If the solution is taken outside the pH range disclosed in the counts, either through lack of consciousness of this central control concept or deliberate violation of this main guiding factor, the solution may wave hair but its utility is practically at the vanishing point because, statistically,

* Count 1 of the interference was identical with claim 18 of 323.

there will be an unsupportable percentage of failures due (at one end of the scale) to hair damage or destruction or due (at the other end of the scale) to no or inadequate curling in any useful period of time. Such consequences do not require very high statistical occurrence to result in rapid commercial suicide. The teaching of pH of about 9 in the second count hits the bullseye in pH (pH 9.2) on which all commercial products have settled after many years.

"The teaching of the pH range within the counts yokes the two unstable horses of the composition. The driver, with the main guiding factor in his hands, has full control of the team at all times. Thus, commercial exploitation is possible."

Petitioner's reply brief to Gillette's brief in the interference proceeding *expressly* argued that the 323 *invention* did *not* depend on *criticality* (pp. 32-36) (with both original and added accent):

"The 323 claims are directed to *new* and *useful compositions* of matter for permanent waving (35 U. S. C. 101) which are patentable *whether or not criticality is involved.*

• • •

"The quotation from the Patent Office Board with respect to 'the very heart of the invention' the 'critical central concept' and the 'main guiding factor' cannot be distorted into a holding of invention limited to criticality.

"Obviously the Board of Patent Interferences referred to the fact that the claims involved a combination of ingredients; although it is the entire *combination* and not any single ingredient upon which novelty rested, the main guiding factor in combining the ingredients was the pH. It was the heart of the invention for the reason that in effecting the combination there had to be a control over chemicals which were variable in terms of purity and strength. That entire combination was new in the sense that no one had previously disclosed this same

> combination of ingredients (the main guiding factor being the basis upon which the combination was put together). * * *"

It is in this context that the Court of Appeals, in its opinion in the interference matter, noted that "the pH rating . . . is confessedly the heart of the patent." Indeed, in that same opinion Judge Soper also states:

> "* * * the most cursory examination of Martin's application and patent shows that they fail to disclose the invention set out in the counts of the interference. They do not disclose the constituents of the composition therein described and hence do not support Martin's claim for a priority. * * *"
>
> *Tidewater* v. *Gillette,* 273 F.2d 936, 940.

Thus, it is a fact that in the interference appeal in the Court of Appeals, Fourth Circuit, McDonough did not win by asserting criticality as a word of art in the patent sense but by asserting "the constituents of the composition" and the correct teaching that pH was important as the central control or main guiding factor. This is a far cry from asserting that patentability, is posited on the sole ground of an alleged invention of special laws in the sense of criticality used as a word of art. As noted by Judge Soper, in the same opinion, the basis of McDonough's victory in the Patent Office, also was on the ground that pH was only an "agency" which had to be considered "in relation to the required ingredients", id. 273 F. 2d 936, 941, in other words, a new composition of matter.

Thereupon, by complaint filed August 15, 1960, Tidewater, petitioner herein, sued respondents in the District Court in Virginia for infringement of the 323 patent (Vol. I, pp. 11a-13a). It was petitioner's first and only day in court in determining the validity of 323 (Vol. I, p. 255a). It was the only *plenary* suit in which the validity of 323 was litigated.

The Special Master and District Court in Virginia held, on the basis of nine years of facts, that petitioner was not the *alter ego* of Sales Affiliates (Vol. I, pp. 252, 285). On the basis of different parties, record, facts and issues, they held: that 323 need not be considered a "criticality invention" (Appendix, p. 29a); that the 323 invention date was in 1937 (Appendix, pp. 29a-30a); that much of the prior art discussed and cited in NewYork against 710 was not relevant to 323 (Appendix, p. 29a, Vol I, pp. 253a-254a); that the 1937 invention date was long prior to the work of either Harry Martin or Samuel Grant (Appendix, p. 32a); that Grant repeatedly refused to appear as a witness or permit his deposition to be taken (Vol. I, p. 254a); that the McDonough 323 invention had never been disclosed in prior sales or publications (Vol. I, p. 256a); that the prior art and literature did not make the 323 invention obvious to a person of ordinary skill in the art (Appendix, p. 38a); that there was no double patenting (Appendix, pp. 33a-34a); that the claims were not indefinite (Appendix, p. 37a); that the "invention of the 323 patent is the discovery of the compositions of matter and methods of permanent waving of hair" and a new use thereof (Appendix, pp. 37a-38a, 41a); and, that the claims were valid and infringed (Appendix, pp. 40a-42a). Being supported by substantial evidence, none of their findings is clearly erroneous.

The Court of Appeals, Fourth Circuit, in reversing, stated, "Invention, any way, is not proved, for the use of these materials in hair waving is not shown to be new * * *" (Appendix, p. 3a). That the use of these materials in hair waving was, indeed, new was conceded on the record by Mr. Stoll, counsel for respondents:

> "(147) Mr. Stoll: I will concede that, Mr. Finnegan.
>
> Mr. Finnegan: Fine.
>
> Mr. Stoll: Prior to Grant and Martin, we know there was no prior art in which thioglycollic acid was used in a hair wave.
>
> * * *

(148) Mr. Stoll: That concession I made, I think I should qualify with respect to Dr. Evans. When I said "prior art," I meant prior art of other people outside of the organization.

Mr. Finnegan: Well, you would agree the concession applies to anything in public print, would you not, Mr. Stoll?

Mr. Stoll: As far as we know, that is correct" (Vol. II, pp. 243-244a).

During the testimony of plaintiff's expert, Professor Patrick, Mr. Stoll again made a similar concession:

"(1537) Mr. Stoll: Well, what I have said is substantially in accordance with what Mr. Finnegan understands. We have no prior art in a statutory sense that shows a cold wave preparation containing thioglycolic acid and ammonia and having a pH within the range mentioned by Dr. McDonough or a concentration within his range more than one year prior to the filing of 710. We do not have that.

Mr. Finnegan: Thank you, Mr. Stoll" (Vol. II, p. 230a).

These repeated and consistent admissions of novelty are incontrovertible. Nonetheless, the Court of Appeals in the Fourth Circuit held 323 invalid as a matter of law for lack of novelty.

The Court of Appeals states that before the Special Master and in the District Court petitioner gave "an assurance to the court and opposing counsel at trial" that it disclaimed criticality. Respondents never relied on any such assurance and before the Special Master and in the District Court, respondents urged, at great length, that the 710 and 323, patents lacked criticality. Respondents' point heading in their reply brief in the District Court read "the 710 and 323 Patents Lack Criticality" and under that heading contended, for example (page 136):

"* * * much as plaintiff would like to leave the arena of criticality, and thereby choose its own field

> of battle, it may not do so because if the 323 patent lacks criticality, it is invalid, irrespective of how many other reasons plaintiff may suggest for holding the patent valid."

Further, respondents conceded in their brief in the Court of Appeals that they raised the question of criticality in the District Court (accent added):

> "*All* of the following questions *were raised* in the pleadings, *before the Special Master, and in the Objections to the Master's Report.*"
>
> • • •
>
> "4. Is the 323 patent invalid on the ground of *criticality?*"

Respondents fully argued criticality before the Special Master and in the District Court.

Petitioner did not reverse its position in the Court of Appeals. Petitioner, in its brief in the Court of Appeals sets forth McDonough's discovery as the composition consisting of the constituents and the pH and concentration (accent added):

> "The invention is the result of a *basic discovery* that waving solutions containing certain *combinations of thioglycolic acid* and *ammonia* could achieve the results described • • •. That *discovery* was *startling* and unexpected. But Dr. E. G. McDonough discovered that with certain *combinations* of *thioglycolic acid* and *ammonia* at *pH* values • • • and at *concentrations* • • • permanent waves could be given in the full range of curling without hair damage • • • that under *commercial operating conditions* yielded the unique safety, versatility and waving results • • •."

In Petitioner's rebuttal brief, it again asserted the identical discovery as the 323 invention (original accent plus added accent):

> "The finding below, based on uncontradicted testimony that Dr. McDonough *first* suggested thioglycollic acid for permanent waving, is not clearly

erroneous. Indeed, the evidence goes much further; it establishes that McDonough was the *only* investor; that McDonough *alone* discovered *T-acid* for waving; alone discovered the *combination* of *ammonia* with *T-acid* in an *aqueous* solution, the right solvent; alone discovered the unique effect of *pH* as the *main guiding factor in T-acid ammonia compositions;* and alone *discovered* the right *concentration* range."[2]

Further, in its rebuttal brief in the Court of Appeals, petitioner says it *again* (original accent):

> "Defendants' assertion that "Speakman plus thioglycollic acid equals Dr. McDonough" (D. R. Br. 20, 21) or that "Pye plus thioglycollic acid equals Dr. McDonough" (D. R. Br. 25, 26) illustrates the ridiculous nature of the defense of obviousness in this action; defendants might just as well say that 'nothing plus thioglycollic acid' (plus ammonia plus the aqueous solution plus the correct concentration plus the correct pH) equals Dr. McDonough. These are the very "plusses" for which the entire industry was searching and which men of extraordinary skill in the art failed to find. It does not help defendants' position to make the artful observation that "the mere fact of suggesting that thioglycollic acid will help in a permanent wave is not a patentable idea in itself" (D. R. Br. 21). *Ideas* are not patentable; patentability requires *both* conception and reduction to practice; furthermore, the 323 invention is not the *suggestion* that thioglycollic acid will help in a per-

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[2] In *Colgate Palmolive Co.* v. *Carter Products,* 230 F. 2d 855 (Parker, C.J.) *each of the elements* of the composition was *old;* what "was *novel* was to get a *mixture* of the *right* gases with the *right* soaps in the *right* proportions; confined in a container under the *right* pressure, so that a lather satisfying for shaving purposes would be produced" in a pressure container (*id.;* 857, 858). In this case, McDonough's *T-acid* itself was *novel and unique* in the art and in *addition* the *new composition of matter* consisted of the *right* alkaline agent (ammonia), the *right* pH, the *right* concentration and the *right* solvent. The *Colgate'* case is controlling precedent *and* 323 is infinitely stronger because *T-acid* was *unique* and *novel* in the art.

> manent wave; it is the conception and reduction to practice of the *entire composition* which includes the thioglycollic acid as part of the combination."

Another example from petitioner's brief in the Court of Appeals is as follows:

> "But in the case at bar it has been proved and conceded that the *specific compositions of thioglycolic acid and ammonia* were wholly novel for permanent waving of hair. They are *claimed* as *new compositions of matter* and new and radically better uses of those compositions. There is no prior waving composition of T-acid and ammonia. Therefore there is no need to differentiate the T-acid, ammonia composition from any prior composition on the basis of 'criticality.'"

Thus, petitioner relied on the discovery of the new composition of matter and the new use thereof not only before the Special Master and in the District Court as the basis for the validity of 323, but also in the Court of Appeals and did not reverse its position in the Court of Appeals.

## Reasons for Granting the Writ

If a Court of Appeals had reversed the decision of a District Court by stating expressly that it was itself abrogating Rule 52(a) Federal Rules of Civil Procedure (the "clearly erroneous" rule), that it expressly would not permit appellee to submit a brief, that it expressly would not permit appellee a day in court for oral argument, that it would expressly disregard the applicable principles of law, that it would expressly disregard the very record itself, that it would expressly take the opinion of a court in another circuit in an action between other parties on a different patent, expressly substitute that other court's opinion for the record in the case before it and blindly

decide the appeal before it by expressly adopting the other court's decision, this U. S. Supreme Court would not long ponder (a) whether that Court of Appeals had far departed from the accepted and usual course of judicial proceedings; (b) whether the exercise of this court's power of supervision was necessary; (c) whether important federal questions had been decided in conflict with applicable decisions of this Court; or, (d) whether to grant a petition for certiorari.

The Court of Appeals below has said none of these things expressly; there are no such admissions in the opinion. However, we submit, it is impossible to explain its opinion on any other ground.

## I. Departure from accepted course of judicial proceedings.

### A. Abrogating the "Clearly Erroneous" Rule.

It is uncontested that a single composition of matter, a water solution of T-acid and ammonia, has revolutionized the art of permanently waving hair. The McDonough 323 patent in issue claims that new composition and its new use as its invention. The Special Master and the Judge in the District Court in Virginia, after a plenary trial, held that McDonough was the inventor and that the patent was valid. This was the first and only plenary trial in which the validity of 323 was adjudicated on the merits. This was the first and only trial of 323 validity in which petitioner, the patent owner, appeared as a party, tried its own case on its own patent, and had its day in court for the first time. Careful, detailed findings of fact were made and 323 was held valid as a new composition of matter and a new use of that composition for permanent hair waving (Vol. I, pp. 238a-277a; Appendix, pp. 22a-42a).

The Court of Appeals disregarded the substantial oral and documentary evidence cited and relied upon by the Special Master and the District Court in their respective opinions holding that 323 was valid as a new composition of matter. To circumvent the positive mandate of Rule 52(a), F. R. Civ. Pro., the Court of Appeals asserted that two colloquies with counsel established, as a matter of law, that 323 was not a new composition of matter, although the colloquies, on their face, give not a scintilla of support to that interpretation and although the entire record substantially supports the findings below. Violation of the "clearly erroneous" rule by this kind of evasion constitutes such a flagrant departure from the usual course of judicial proceedings that this Court's power of supervision becomes imperative.

The entire opinion of the Court of Appeals rests on one single premise, that documentary evidence establishes as a matter of law that:

> ". . . invention [in 323] is virtually disavowed . . . Invention, anyway, is not proved, for the use of these materials [T-Acid—ammonia composition] in hair waving is not shown to be new . . ." (Appendix, p. 3a).

On the contrary, the record is plain that it was conceded by respondents in open court that "there was no prior art in which thioglycollic acid was used in a hair wave" (Vol. II, pp. 243-244a; 230a). The first colloquy (between the District Court and petitioner's counsel, in the heat of trial, taken out of context) is quoted by the Court of Appeals as establishing that invention was disavowed or not proved, as a matter of law:

> "'The Court: It [thioglycolic acid] had been *known for nearly seventy years.* All right, now, the *mere fact of suggesting that thioglycolic acid will help in a permanent wave is not a patentable idea* in itself, is it, any more than suggesting that salt, which is a known chemical, might be used for a dozen uses? That is true, isn't it?

'Mr. Finnegan: I think *that is right*, sir.

'The Court: Now, don't we come down and don't we narrow the issue down to the proposition of using **a certain solution** within the limitations and purposes, that is the real test?

'Mr. Finnegan: That is right, and that is what this patent is about. I would say this, that **the invention concept has to start somewhere and the idea of using T-acid gives it the origin** and **it is the working together, working out of the combination that results in the invention that is claimed,** working out these other limits.' " (The italicized part is accent added by the Court of Appeals; the bold part is accent added now by petitioner.)

What is demonstrated is that the Court of Appeals does not understand the facts or the law. In the first place, the 323 *idea* (conception) is not T-acid but the entire composition (T-acid and ammonia in a water solution at the stated pH and concentration). Secondly, since ideas or merely suggesting ideas are not patentable, because patentability requires both conception of the invention and reduction to practice, *Rubber-Tip Pencil Co.* v. *Howard,* 20 Wall Street 498, 507, 22 L.Ed. 410 (1874), Mr. Finnegan was merely agreeing to a correct statement of a principle of law. Furthermore, discovery is not negated because one or more or all of the constituents have individually been known for many years. However, when known chemicals, put together as constituents, result in a new composition, that is invention. This is exactly what the colloquy explains: it is the "working out of the *combination* that results in the invention that is claimed." *

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* "A combination is a union of elements, which may be partly old and partly new, or wholly old or wholly new. But, whether new or old, the combination is a means—an invention—distinct from them. They, if new, may be inventions and the proper subjects of patents, or they may be covered by claims in the same patent with the combination." *Leeds & Catlin Co.* v. *Victor Talking Machine Co.,* 213 U.S. 301, 29 S.Ct. 495, 500.

The only other premise, the second colloquy quoted by the Court of Appeals, is as follows:

> "The Court: So what it all adds up to is that **with** the three things that you put together to make the permanent wave solution—thioglycolic acid, ammonia and water—that *it is the percentage, the quantitative grouping of these three that makes the patent.*
>
> "Mr. Finnegan: *That is right.* The combination of certain percentages, certain pH gives the unique material." (The italicized part is accent added by the Court of Appeals; the bold part is accent added now by petitioner.)

This does not give a scintilla of support to the Court of Appeals' conclusion that: "Thus the pH and the concentration of the solution, according to Tidewater below, constituted the sole features of the invention. . . ." On the contrary, the colloquy on its face shows that pH and concentration were *not* the sole features of the invention but were features of the invention **with** T-acid, ammonia and water.

These colloquies are also taken out of context. The entire record, both oral and documentary, evidences beyond cavil that the use of these constituents did represent the invention claimed. The 323 disclosure itself expressly states that the invention provides a lotion "containing an entirely novel *ingredient* as the waving agent" (Vol. I, p. 30a, Col. 2, lines 47-50) and the T-acid—ammonia solution is claimed in all the claims in issue. The single premise of the Court of Appeals for disregarding the "clearly erroneous" rule never existed. Two fleeting moments of colloquy which are misinterpreted on their face cannot destroy the weight of evidence presented in more than three weeks of trial which substantially and consistently support the findings made by the Special Master and the District Court. The "clearly erroneous" rule forbids it and its mandate may not be circumvented by lip service without a scintilla of support.

**B. Disregarding Petitioner's Briefs and Arguments.**

The Court of Appeals held that petitioner's position on *appeal* was that the 323 invention was a criticality invention and not a new composition of matter. This utter misapprehension and misstatement of petitioner's actual position on the appeal is inexplicable on any ground other than prejudicial refusal to consider petitioner's rights on the merits. How could the Court of Appeals not know that petitioner was arguing the validity of 323 as invention of a *new composition of matter* and new use *on the appeal.* It could not be set forth more clearly in petitioner's brief in the Court of Appeals, which reads in pertinent part (original emphasis):

> "But in the case at bar it has been proved and conceded that the specific compositions of thioglycolic acid and ammonia were wholly novel for permanent waving of hair. They are claimed as new compositions of matter and new and radically better uses of those compositions.. There is no prior waving composition of T-acid and ammonia. Therefore there is no need to differentiate the T-acid, ammonia composition from any prior composition on the basis of 'criticality'.
>
> "Consequently, we are concerned here with the claims to optimum utility conditions for *new compositions of matter* rather than arbitrary selections of points in a progressive change in use of *old* compositions. *Kwik Set* v. *Welch*, 86 F. 2d 945 (2 Cir. 1936). Because of these major differences in law and in fact, the positions taken by the plaintiff in the 323 patent and this record are consistent and correct."

Other examples appear in the statement of facts (*supra*, pp. 19-21). The effective result was tantamount to denying petitioner a day in court. Petitioner's briefs were read by eyes that were blind; its arguments were heard by ears that were deaf. If the Court of Appeals had expressly refused to permit petitioner to submit a brief and expressly

refused petitioner a day in court for oral argument, could the damage have been greater or the violation of due process less?

**C. Incapacitating Confusion.**

The opinion of the Court of Appeals manifests such lack of minimal understanding that the decision, the product of complete confusion, is necessarily a complete denial of due process to petitioner. In effect, petitioner has had no day in court.

In addition to the conduct of the Court of Appeals already set forth (*supra*, 22-27), another example is the utter misapprehension of the Court of Appeals of the significance of ammonia when it states that: "[A]mmonia in solution is a common base." Ammonia itself is certainly a common chemical, but McDonough was the first to put the entire composition together; on substantial evidence, the Special Master and the District Court held that it was not obvious to a person of ordinary skill in the art at the date of the invention to put together a water solution of T acid and ammonia for hair waving. Respondents conceded that there was no prior art showing a composition of T acid and ammonia for cold waving (Vol. II, p. 230a). The confusion of the Court of Appeals is underscored by its declaration that "ammonia gas dissolved in water, is primarily employed in the waving process to adjust the pH of the T-acid. It is utilized to control the pH of the solution by achieving the proper *degree* of alkalinity" (Appendix, p. 15a). Merely to adjust to the proper degree of alkalinity, T acid could be combined with any alkaline base to get pH 9), but T-acid adjusted with sodium hydroxide, an alkaline base, to pH 9 would not wave hair. It would destroy the shaft of hair. The record establishes that T-acid is a unique substance because it comprises two acid groups, the carboxyl group and the mercaptan group (SH group). The carboxyl group is ten million times stronger than the

SH group. The point is to neutralize that strong carboxyl group without disturbing the weak SH group which is the important ingredient in cold waving. Ammonia does that. The function of the ammonia in a T-acid composition is twofold, it regulates behavior with regard to the effect of chemicals on the hair and affects the hydrogen ion concentration of the solution. It bears importantly on the unique nature of the T-acid—ammonia composition which makes it an invention distinct and separable from all other mercaptan compositions. The Special Master understood and explained this clearly and his finding is certainly not clearly erroneous (Vol. I, pp. 266a-269a).

Still a further instance of the confusion of the Court of Appeals is its declaration that in the District Court petitioner had "disavowed" criticality (Appendix, pp. 16a-17a). The very sentence quoted by the Court of Appeals from petitioner's brief in the District Court (Appendix, p. 17a), reads that "criticality . . . [is] irrelevant . . . *except* as a *fifth string* to its bow." Criticality was not "disavowed" in the District Court; it was relegated to a "fifth string" position.

Contrary to the Court of Appeals opinion, opposing counsel was not misled into not arguing criticality in the District Court (Appendix, p. 17a); it was *opposing counsel* who, in the District Court, insisted on and did argue "criticality" to the hilt.

The confusion is compounded by the failure of the Court of Appeals to understand the interference decisions and its erroneous premise that the word "criticality" inherently has only one meaning. Words of art may be defined as a matter of law. But an inventor may use any word or symbol and give it his own definition. That definition is a question of fact subject to the "clearly erroneous" rule. The New York decisions, although they held that "criticality" *as defined by McDonough* was not

patentable, *expressly* recognized that McDonough made *his* own definition (accent added):

> "* * * Indeed, the law of criticality has been the battlefield * * * with seemingly *irreconcilable* views as to the *meaning* of the term * * *."
>
> *Helene Curtis* v. *Sales Affiliates*. 233 F.2d 148, 152.

The McDonough lexicography has been made part of the record by respondent's attorney on cross-examination (accent added) (Vol. II, pp. 159a-161a):

> "*By Mr. Stoll* (on cross-examination):
>
> Q. Dr. McDonough, you have used the word 'critical' yourself any number of times in your answers today. Would you please tell the Court in what sense *you* use the term and *forget* the lawyers and *the interpretation by the Second Circuit.* Just your *own interpretation* of the word 'critical'."
>
> A. I am a scientist, sir.
>
> Q. Yes, sir.

Thereupon, McDonough testified that on a graph of pH there was almost a straight line function until pH 7; then there was a sharp turn expressive of the fact that the "time of waving sharply begins to go down;" at pH 10 there is another sharp difference "because I can't get waving at 10 and above without doing a lot of manipulation." Thus, it was critical to him as a scientist because of the characteristics of the graph; it was critical to him, commercially, because of the "manipulation" required. The point is that McDonough did *not* use the word in its legal definition as a word of art. He claimed 323 as a new composition of matter which had scientific or commercial significance at certain pH values and he characterized it as critical in that sense.

The Court of Appeals erroneously held, as a matter of law, on the basis of no evidence, that "*this* [legal] 'criticality' was exclusively and successfully urged upon the patent office as the inventiveness in 323" (Appendix, p. 16a)

and "[*this* criticality] was the ground on which Tidewater won *the interference proceeding in this Court* according to Judge Soper's opinion in *Tidewater* v. *Gillette* . . . 273 F.2d 936, 940. There the Judge noted that 'the pH rating . . . is confessedly the heart of the patent!'" (accent added). Nothing in the record supports that interpretation and the facts are to the contrary.*

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* Petitioner's two *briefs* in *that interference* proceeding in the Court of Appeals establish that petitioner's position was wholly consistent with its present position, as follows:

> "Because thioglycollic acid and ammonia are both variables (purity and strength) they require a *control.* Control within the pH range disclosed in the counts results in *total usefulness* of the *solution* for a complete range of curl values for all kinds of hair within practical waving times without danger of hair destruction. If the solution is taken outside the pH range disclosed in the counts, either through lack of consciousness of this *central control concept* or deliberate violation of this *main guiding factor,* the solution *may wave hair* but its *utility* is practically at the vanishing point because, *statistically,* there will be an unsupportable percentage of failures due (at one end of the scale) to hair damage or destruction or due (at the other end of the scale) to no or inadequate curling in any useful period of time. Such consequences do not require very high statistical occurrence to result in rapid *commercial suicide.* The teaching of pH of about 9 in the second count hits the bullseye in pH (pH 9.2) on which all commercial products have settled after many years.
>
> "The teaching of the pH range within the counts yokes the two unstable horses of the composition. The driver, with the *main guiding factor* in his hands, has full *control* of the team at all times. Thus, *commercial exploitation* is possible."

Clearly, pH and concentration were *not* presented in the interference as the *sole* ground of inventiveness and *not* as legal criticality but as *some* of the elements of the *total* invention in which T-Acid and ammonia *were* the constituents and pH served as a "control", a "main guiding factor" to achieve "total usefulness" and successful *commercial* exploitation. In that interference appeal, petitioner *expressly* argued that the 323 invention was the new composition of matter, as set forth in its brief therein.

> "The 323 claims are directed to new and useful compositions of matter for permanent waving (35 U. S. C. 101) which are patentable *whether or not criticality is involved.*"

In every aspect, the opinion of the Court of Appeals manifests such incapacitating confusion that, in effect, petitioner was never heard on the appeal. Petitioner's rights on the appeal were made meaningless; they were an illusion. The "essentials of due process and fair treatment" were petitioner's minimum right, *Kent* v. *U. S.*, 383 U.S. 541, 561, 562, 86 S. Ct. 1045, 1057, which are not satisfied by form which is a mockery of the substance. It is elementary that "evidence and truth are of no avail unless they can be adequately presented. Essential fairness is lacking if an accused cannot put his case effectively in court." *Adams* v. *U.S. ex rel, McCann,* 317 U.S. 269, 281, 63 S. Ct. 236, 242 (1942). The essential unfairness of the appeal is a demonstrable reality.

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Judge Soper, in writing the opinion of the Court of Appeals in the prior interference proceeding fully understood that petitioner did *not* rely on legal criticality:

> "* * * the most cursory examination of Martin's application and patent shows that they fail to disclose the invention set out in the *counts* of the interference. They do not disclose the *constituents of the composition* therein described and *hence* do not support Martin's claim for a priority. Obviously the claim makes no disclosure that the hair waving *composition* should consist of *thioglycollic acid* and that the solution should have a pH within definite limits. * * *"
>
> *Tidewater* v. *Gillette,* 273 F. 2d 936, 940, 941.

Judge Soper, in that opinion of the Court of Appeals, *never* once *himself* described pH as *critical* in the 323 invention—heart, an agency, effective, important, and crucial were used. Not critical. He used the word "critical" *only* in reference to the Second Circuit's ground for its decisions but not in reference to the ground of *his* opinion in the interference. This Court's present opinion of reversal treat's Judge Soper's words "the heart of the patent" as synonymous with legal criticality. In *Helene Curtis* v. *Sales Affiliates,* a claim which read "heart of the patent" would have been held *not* to disclose criticality, and correctly so, because the two are different concepts. The expression that pH is the heart of the patent is consistent with Tidewater's position that the 323 invention was a new composition of matter in which T-Acid was the brains and ammonia was the muscle.

The departures by the Court of Appeals from the accepted course of judicial proceedings has been established with examples evidencing its disregard of Rule 52(a), F.R.C.P., its floating of the record by two fleeting colloquies misinterpreted on their face, ignorance of the unpatentability of ideas and of the patentability of compositions of matter consisting of known elements individually, blindness to petitioner's position on appeal, and thorough, complete and incapacitating confusion concerning the most elementary facts and law prerequisite to any intelligent appraisal of the record made in the District Court.

## II. Invention estoppel.

Inevention estoppel is an important point of patent law not previously adjudicated by the Supreme Court. We do not refer to the ordinary and well-settled estoppel to expand the *scope* of a claim by improperly interpreting limiting language which was inserted to narrow the claim. The 323 invention is for a new composition of matter consisting of five separate elements. Since the invention is a new composition of matter and new use of that composition, is it any the less a new composition if the Patent Office erroneously understood that novelty of the whole was imparted by the novelty of one particular element of the composition, pH, whereas the novelty of the whole was, in fact, imparted by a different particular element of the composition? Where the claims plainly go beyond just claiming pH in itself and claim it only as one of five elements of the composition, why is the patentee estopped to assert novelty for any element of the composition where the entire composition is clearly claimed. In this case, the Court of Appeals is overuling itself since it had previously held as follows:

> "We cannot * * * predicate any effective estoppel against the patentees, upon the assertion that this patent was granted by the Patent Office Examiner

upon a mistaken view that the optimum of alkalinity constituted the sole novelty of the patent in suit over the prior art and that this position was accepted by Evans and McDonough. The claims allowed, involving a new combination, went far beyond this and the patentees are not limited by the mental processes, or confined to the precise reasoning, of the Examiner. See: Leeds & Catlin Co. v. Victor Talking Machine Co., 213 U. S. 301, 29 S. Ct. 495, 53 L. Ed. 805; France Manufacturing Co. v. Jefferson Electric Co., 6 Cir. 106 F. 2d 605; International Cellucotton Products Co. v. Sterilek Co., 2 Cir., 94 F. 2d 10; Egry Register Co. v. Standard Register Co., 6 Cir., 267 F. 186."

*Hutzler Bros.* v. *Sales Affiliates,* 164 F. 2d 260, 267.

The Claims of 323 satisfy the requirements of the Patent Act for patentability. The invention is in fact novel, useful and not obvious from the prior art. It is, indeed, truly an invention. If the Patent Office or another court asserted an erroneous or unpatentable theory of invention, why should the patentee be estopped in subsequent validity litigation from asserting the true invention which the patent actually discloses and actually claims and which is validly patentable? This important question of invention estoppel in the law of patents should be settled by the U. S. Supreme Court.

## III. Double patenting.

A. In discussing double patenting, the Court of Appeals started with the false premise that the 323 invention was not "the discovery of the compositions of matter and methods of permanent waving of hair as specified in the six claims now remaining in this litigation" (Appendix, pp. 14a-15a). Then the Court of Appeals stated its version of the 323 invention: ". . . the proportions of their concentration which fixed the pH comprised the invention . . ." (Appendix, pp. 15a-16a). Simultaneously, the Court of

Appeals contradicts itself on the face of the opinion by finding 323 "duplicative [of 710] because its core is the use of thioglycollic acid and ammonia in a solution of stated concentrations . . ." If the *core* of the 323 invention is the use of T-acid—ammonia in a solution of stated concentrations, then the 323 invention is obviously the discovery of that composition of matter.

The Court of Appeals' discussion of double patenting is thoroughly confused in its statement of the facts and even more confused, if possible, in its understanding of the law of double patenting.

Undeniably, 710 was litigated and held invalid in the Second Circuit as an invention asserting the discovery of special laws of pH, special laws of concentration, special laws of molecular weight and special laws of bases. The core of the 710 invention was the discovery of special laws; the "core [of the 323 invention] is the use of thioglycollic acid and ammonia in a solution of stated concentrations."* Are not 710 and 323 separate, distinct and separable inventions? The whole world is free to use the 710 special laws. The only 323 monopoly is the composition of thioglycollic acid and ammonia.

The law is clearly stated in *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186, that the second patent is valid if its claims are directed to subject matter that, although described in the former patent, was "* * * essentially *distinct* and *separable* from the invention covered thereby and the claims

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* ". . . Of course, an element is a part, an essential part, of the combination, and enters as an operative agent in the performance of its functions. But this does not make it identical with the combination. It may be novel, patentable of itself, subject to its own special monopoly, or it may be free for everybody's use; but, whether free or not free, free when the combination was formed (invented) or became free, it is not identical with the combination. . . ." *Leeds & Catlin Co.* v. *Victor Talking Machine Co.*, 213 U.S. 301, 29 S.Ct. 495, 501.

made thereunder * * *." The inventions of 710 and 323 are entirely distinct and separable. 710 does *not* claim a composition of matter; 323 *does* claim a composition of matter; 710 *must* claim criticality; 323 need *not* claim criticality; 710 does claim that at pH 7-9.5 the results must differ in kind; 323 need *not* claim that at pH 7-9.5 the results must differ in kind.

The thorough confusion of the Court of Appeals is manifest in its discussion of "proof of double patenting", (Appendix, pp. 10a-14a): "Proof of double patenting is found in the concession of Tidewater that any product made under 323 would infringe 710" (Appendix, p. 10a). However, in its opinion on petition for rehearing, the Court of Appeals concedes that "This deduction may not in the circumstances be sound" (Appendix, pp. 20a-21a). Then, the Court of Appeals holds that a quotation from "Stringham sustains our conclusion: that the species patent must fail if within the coverage of the genus patent" (Appendix, p. 14a). However, in its opinion on petition for rehearing, the Court of Appeals concedes that "Bereft of its context, the sentence might be subject to a valid attack" (it is definitely erroneous in the very context in which it appears) and withdraws the citation of Stringham (Appendix, p. 20a). After these withdrawals, what is there left in the Court of Appeals "Proof of double patenting" (Appendix, pp. 10a-14a) to sustain double patenting? The distortion of Judge Soper's opinion? The Court of Appeals states: "In speaking of these two patents Judge Soper said, 'There are substantial differences between the two formulae . . .' " and attempts to explain away Judge Soper's opinion, in the prior Court of Appeals decision sustaining McDonough as the first inventor, by now stating "of course, there are differences, for 710 embraces many substituted mercaptans, while 323 embodies only one, T-acid" (Appendix, p. 11a). Isn't it obvious that the substantial differences be-

tween the two formulae is that 710 was a formula for special laws and 323 was a formula for a T-acid—ammonia composition of matter?

B. Beyond that, this case poses an important question of law on double patenting which has not previously been decided in the U. S. Supreme Court: If 710 is invalid, then how can 323 be a double patent and be invalid for double patenting if it is the single valid patent for the claimed invention? Respondents concede the invalidity of 710, as do petitioners. Petitioners, the owners of 710, concede the existence of inoperative species in 710.

When two patents for the same invention are issued to *two different patentees,* each may seek to establish the validity of the invention and the patent of the first inventor is held valid. *Lorenz* v. *Colgate-Palmolive-Peet Co.,* 122 F.2d 875 (3rd Cir., 1941). Technically, although the two patents exist for the same invention, it is not double patenting because the inventor of each is a different person. Yet the second patent to issue may be held to be the valid patent if priority of invention is established for it. Technically, when two patents for the same invention are issued to *the same inventor,* this is double patenting. The point is, if the first to issue is held invalid, why can't the second to issue be held valid? It would have been held valid if two different patentees had been involved. Why should the law be different only because one inventor is involved? *Miller* v. *Eagle,* 151 U. S. 186 (1894), the leading case on double patenting, states "the well settled rule that two *valid* patents for the same invention cannot be granted * * *." However, the U. S. Supreme Court has not ruled on a case in which the first issued patent is held invalid and then the question arises whether the second issued patent may be held invalid for double patenting.

In *H. C. White Co.* v. *Morton E. Converse & Son Co.*, 20 F.2d 311, 313 (2 Cir. 1927), the Court of Appeals for the Second Circuit held that the invalidation of a prior patent destroys the defense of double patenting asserted against a subsequently issued patent for the same invention. This decision of the Second Circuit is in conflict with the decision of the Court of Appeals for the Fourth Circuit in the instant case holding 323 void for double patenting of the invention of the invalid 710 patent.

This conflict in the decisions between these two Circuit Court of Appeals demands the issuance of this Court's Writ of Certiorari in order to establish uniformity among the circuits as to this important principle of patent law.

## IV. Complete abdication of judicial function.

The Court of Appeals states that (Appendix, p. 18a):

> "• • • When it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal Courts in New York" (original accent).

This is an admission that it has completely abdicated its judicial responsibilities. The decision of this appeal by uncritical acceptance of inapplicable decisions of another circuit on a different record conflicts with the decisions of this Court in *Mast, Foos & Co.* v. *Stover Manufacturing Co.*, 177 U.S. 485, 44 L.Ed. 856, and *Triplett* v. *Lowell*, 297 U.S. 638, 56 S.Ct. 645.

On no basis, in fact or in law, could the New York decisions be conclusive. That the Court of Appeals thought so establishes its failure to follow the accepted and usual course of judicial proceedings.

**The Second Circuit 710 litigation does not even have weight as precedent, much less as conclusive on the facts or law.***

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* The claimed invention litigated was different from the 323 invention. In the Court of Appeals in the New York case the invention of 710 was plainly set forth:

> "'And so here, defendant posits invention *not* on the broad *generic discovery of mercaptan* waving lotions, *but* rather on the discovery that *special laws and criteria* govern mercaptans in hair waving.'"
>
> *Helene Curtis* v. *Sales Affiliates,* 233 F. 2d 148, 152.

On the other hand, in 323 petitioner does posit invention on the discovery of the T-acid—ammonia waving lotion and its use in hair waving. The invention date of 323 is 1937. That fact is established by the findings of the Special Master and the District Court in the Virginia and in this 323 litigation. The invention date of 710 was 1941. In the 710 case, the District Court in New York refused to permit McDonough, the inventor, to prove his 323 invention date of 1937:

> "* * * [The] contention that *McDonough had reduced the same species to practice* long *before* either Grant or Martin *is unavailing,* since any (710) claim by McDonough is invalidated if, *before his* (710) *invention date,* a species within his generic claims was reduced to practice by *another*". 121 F. Supp. 490, 503.

This substantially affects the prior art and the fact basis for the test of invention. The Special Master and the District Court held in the Virginia 323 litigation that the 323 invention was not obvious to the man of ordinary skill in the art in 1937. In 710, the finding of fact was that the depilatory art and the unhairing of hides art were arts analogous to the permanent waving art. On a different record and supported by substantial evidence, the Special Master and the District Court found the *fact* to be to the contrary. The prior art in the New York 710 litigation rested substantially on the testimony of Harry Martin and Samuel Grant which was credited in the Second Circuit. Subsequently, Harry Martin was completely discredited in the interference with McDonough on priority of invention of 323. *Tidewater* v. *Gillette,* 273 F. 2d 936. In the 323 litigation in Virginia Samuel Grant refused to appear as a witness either in the District Court or even to allow his deposition to be taken (Vol. I, p. 254a).

Neither does the Second Circuit 323 summary proceeding have any weight even as precedent in the Virginia 323 plenary litigation, much less is it a "conclusive" demonstration of invalidity.*

No *res judicata* is applicable in the 323 Virginia litigation; the parties, the record and the issues were different.

Thus, in the District Court in the Fourth Circuit, for the first time, the 323 patent had its full day in court, in a case supervised and controlled by its actual owner, in a case in which the patent was unquestionably under the

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* The New York 323 Master's Report states expressly that this "application" by the plaintiffs in the New York 710 action was made "at the foot of [the 710] judgment" to hold Sales Affiliates (not a party in the Virginia litigation), the defendant in the 710 case "in contempt of the injunctive provisions" of the 710 decree "and to add to the scope of the relief originally granted" in the 710 decree (Vol. I, p. 53a-76a). It further states expressly that on the basis of the 710 injunction, the 710 plaintiffs therein seek to enjoin Sales Affiliates, the 710 defendant, from suing plaintiff or their customers on the 323 patent and seek to hold Sales Affiliates, the 710 defendant, in contempt of the provisions of the 710 decree on the ground that petitioner, suing on 323 in Virginia, was the alter ego of Sales Affiliates, the 710 defendant.

The 323 summary proceedings were conducted exclusively on the 710 record and the language of the 323 patent and nothing else.

The summary proceedings at the foot of the 710 decree on the issue of 323's validity were justified solely and exclusively on the ground of "res judicata." As the New York 323 Master stated it:

> "At the very heart of the [710] plaintiff's position in this proceeding—and surely a condition precedent to the granting of relief—is the thesis that the judgment entered in 710 necessarily destroys the validity of 323."

The New York 323 Master emphasized again that there was no other "basis for disposing of [323] in what is at best a truncated proceeding at the foot of a prior judgment" and that the gap from 710 to 323 could be bridged in this manner only "upon the doctrine of res judicata."

Court's jurisdiction, in a case in which all the issues were tried in a complete plenary proceeding, in a case in which principles of law were applied in conformity with the law previously set forth by the Court of Appeals for the Fourth Circuit, in a case in which the determination of the facts was made afresh, and in a case in which the 323 patent was dealt with as the independent grant (which it is) as issued by the Patent Office and freed of the effects of *res judicata* and other restrictions derived from a prior adjudication in a different circuit of the very different 710 patent.

The Special Master in the Virginia 323 plenary suit held:

> "The New York Decisions are not controlling in this case because of different parties, different issues of law and fact, and entirely different circumstances . . ." (Vol. I, p. 255a)

Another substantial flaw in the Second Circuit decisions is that after the District Court had held 710 invalid, Judge Learned Hand wrote the opinion in *Lyon* v. *Bausch & Lomb,* 244 F. 2d 530 (2d Cir., 1955) acknowledging that patents held invalid in the Second Circuit would have been held valid in the Second Circuit at another period of time because it had erroneously applied changed tests of invention.

Subsequent to *Lyon* v. *Bausch & Lomb,* although the doctrines of the New York 710 case in *Helene Curtis* v. *Sales Affiliates,* were not expressly overuled, they are irreconcilable with the later cases of *Georgia-Pacific Plywood Company* v. *United States Plywood Corporation,* in which the District Court, 148 F. Supp. 846, relied on *Helene Curtis* v. *Sales Affiliates* in holding the patent invalid and was reversed, 258 F. 2d 124. *Helene Curtis* v. *Sales Affiliates* is also irreconcilable with the later case of *International Nickel Company* v. *Ford Motor Company,* 166 F. Supp. 551 (U.S. D.C., S.D. N.Y., 1958).

In the light of all the foregoing, petitioner had every right to expect an independent hearing on the merits of 323 in Virginia between parties who would not be bound by *res judicata* or collateral estoppel on a fresh record in which new findings of fact were made and correct principles of law applied

Long ago, the United States Supreme Court established that it was the duty of every court to decide cases right and that comity is not a rule of law.

> "* * * If it were, the indiscreet action of one court might become a precedent increasing in weight with each successive adjudication, until the whole country was tied down to an unsound principle * * * the primary duty of every court is to dispose of cases according to the law and the facts; in a word, to decide them right. In doing so, the judge is bound to determine them according to his own convictions. If he be clear in those convictions; he should follow them * * *."
>
> *Mast, Foos & Co.* v. *Stover Manufacturing Co.*, 177 U. S. 485, 488.

In patent cases, neither reason nor authority supports the contention that an adverse adjudication precludes another suit upon the same claims against a different defendant. In *fact, certiorari* will *not* usually be granted in *patent* cases unless there is a *conflict in the decisions* of the Circuit Court of Appeals.

> *Triplett* v. *Lowell*, 297 U. S. 638, 642, 644.

In the language of Judge Learned Hand in the Second Circuit, such a suit for patent infringement

> "* * * is *in personam;* it concludes the parties, and it concludes *nobody else.* A second suit against other parties starts *afresh,* and the second court is free to *disregard the earlier ruling,* if so advised—*a common event,* out of which arise *nearly all patent cases that reach the Supreme Court.*"
>
> *Traitel Marble Co.* v. *Hungerford Brass & Copper Co.*, 18 F. 2d 66, 69; cert. den. 274 U. S. 753.

Thus, petitioner had every right to seek to adjudicate the validity of the 323 patent for the first time on the merits in a plenary action in Virginia in which petitioner had its day in court for the first time.

The conclusive weight given to the New York decisions by the Court of Appeals for the Fourth Circuit has made a travesty of petitioner's rights; it has abdicated its judicial responsibilities and confusedly and blindly decided the appeal before it by giving conclusive weight to the inapplicable decision of another court contrary to the long settled decisions of this Court.

## V. Extraordinary award of attorney fees.

The Court of Appeals awarded attorney fees stating:

> "Attorney fees in a reasonable amount should be awarded to the appellants as the prevailing parties. 35 USC 285. The exceptional circumstances dictating this allowance are the fact that when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York." (Original emphasis.) (Appendix 18a.)

This raises important questions respecting the interpretation of 35 U.S.C. § 285 allowing such fees only in exceptional cases.

1. That this was not an exceptional case justifying such an award clearly appears from the discussion establishing not only that the New York litigations were not conclusive but that they had no weight herein (*supra*, pp. 37-42).

2. The construction of the statute by the Court of Appeals is in conflict with the principles of *Mast, Foos & Co.* v. *Stover Manufacturing Co.*, 177 U.S. 485, 44 L. Ed. 856 (1900), and *Triplett* v. *Lowell*, 297 U.S. 638, 56 S. Ct. 645 (1935), and the procedure implicitly recognized by the practice established under Rule 19(1b) of this Court that

certiorari will not usually be granted in patent cases unless there is a conflict in the decisions of Circuit Courts of Appeals.

The threat of award of attorney fees on the ground that one prior (summary) adjudication had held the patent invalid would effectively negate the right to seek the road to this Court by trying to establish validity of a patent in suit in another jurisdiction in at least one plenary action on the merits. The inhibiting effect of the threat of such an award would effectively result in patent adjudication being *in rem* by judicial fiat in the face of the refusal of Congress to permit this by its legislative mandate.

3. The award of attorney fees by the Court of Appeals was made without any prior determination by the District Court of the factual issues which are conditions precedent to such an award. This effectively deprived petitioner of its rights to be heard on factual issues. This Court has held that it was error for a Court of Appeals to enter a judgment in favor of one party upon an issue not litigated in the District Court. *Fountain* v. *Filson*, 336 U.S. 681, 69 S.Ct. 754, 93 L.Ed. 971 (1949).

Petitioner prevailed in the District Court and respondent's request for attorney's fees was denied by that Court (App., p. 42a). There was no occasion for the award of attorney's fees to respondents to be litigated in the District Court in view of that Court's disposition of the cause before it in favor of the petitioner. When the Court of Appeals awarded attorney fees on these facts it improperly deprived petitioner of an opportunity to dispute the facts material to that award.

The award of attorney fees by the Court of Appeals was predicated upon petitioner's relitigation of the 323 patent, the invalidity of which the Court of Appeals held was "obvious" having "been conclusively demonstrated by the Federal Courts in New York" (App., p. 18a). "Obvious" invalidity is a conclusion. It must be supported

by evidence of facts that a reasonable litigant under the same or similar circumstances would have found the invalidity obvious. Petitioner should have been permitted to prove the facts which did not make invalidity obvious to it. Some of the factors to be considered in making such a factual determination are: the summary nature of the proceeding in which 323 was held invalid in New York; the limiting of that determination to the proceedings at the foot of the judgment in the 710 case; the determinations made by the Court of Appeals for the Fourth Circuit in the interference litigation; how could petitioner predict that the Fourth Circuit Court of Appeals would overrule *Hutzler Bros.* v. *Sales Affiliates?;* and the determinations of validity made by the Special Master and confirmed by the District Court, that the 323 patent was not "obviously" invalid.

4. On appeal, respondents, in their brief, did not argue the failure of the District Court to award them attorney fees. By Rule 10, Paragraph 8 of the Rules of the United States Court of Appeals for the Fourth Circuit, any matter not argued in the brief is deemed to have been waived—*28 U.S.C.A. Circuit Court Rules Fourth Circuit.* On the appeal, respondents, therefore, waived attorney fees.

## CONCLUSION

**For the reasons stated, this Petition for Certiorari should be granted.**

Respectfully submitted,

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# APPENDIX

## Order on Petition for Rehearing

UNITED STATES COURT OF APPEALS

FOR THE FOURTH CIRCUIT

No. 10,463

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TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,
Appellee,

*versus*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,
Appellants.

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Upon consideration of the petition of Tidewater Patent Development Company, Incorporated, appellee, for a rehearing en banc, it is ORDERED:

1. That the first opinion in this case be, and it is hereby, modified in the respects noted in the opinion this day filed on the said petition; and

2. That in all other respects the first opinion of the court be, and it is hereby, confirmed.

CLEMENT F. HAYNSWORTH, JR.,
Chief Judge, Fourth Circuit

SIMON E. SOBELOFF
United States Circuit Judge

HERBERT S. BOREMAN
United States Circuit Judge

ALBERT V. BRYAN
United States Circuit Judge

J. S. BELL
United States Circuit Judge

HARRISON L. WINTER
United States Circuit Judge

J. BAXTER CRAVEN, JR.
United States Circuit Judge

A true copy,
Test:

MAURICE S. DEAN, Clerk,
U.S. Court of Appeals for the Fourth Circuit.

By MARGARET L. DAVIS,
Deputy Clerk.

## Opinion of Albert V. Bryan

UNITED STATES COURT OF APPEALS

FOR THE FOURTH CIRCUIT

No. 10,463

TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,
Appellee,

*versus*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,
Appellants.

Appeal from the United States District Court for the Western District of Virginia, at Roanoke. Honorable Ted Dalton, Chief District Judge.

(Argued June 21, 1966. Decided November 29, 1966.)

Before BOREMAN, BRYAN and BELL, *Circuit Judges.*

Samuel J. Stoll (Richard B. Spindle, III; Willcox, Cooke, Savage & Lawrence, and Willcox, Savage, Lawrence, Dickson & Spindle on brief) for Appellants, and George B. Finnegan, Jr., (William D. Densor, Albert H. Brodkin, and Penn, Stuart & Miller on brief) for Appellee.

ALBERT V. BRYAN, *Circuit Judge*:

A patent for a permanent hair waving solution and method was upheld, and declared infringed, in the District Court at the suit of the owner, Tidewater Patent Develop-

ment Company, Inc. against the partnership of K. M. Kitchen Beauty Supply Company. Defendants appeal and we reverse, finding the patent invalid.

In our judgment the patent is controversy (i.e. the six claims in dispute), known as No. 323, not only is void as duplicative of the appellant's earlier patent, known as 710, but 710 aside, invention therein is virtually disavowed. It is duplicative because its core is the use of thioglycolic acid and ammonia in a solution of stated concentrations, when these factors were not only disclosed but claimed in the earlier patent. Invention is not proved, for the use of these materials in hair-waving is not shown to be new, and criticality in the concentration was not established.

Patent 323 was issued on February 28, 1956 as No. 2,736,323, upon the application of Everett G. McDonough filed August 13, 1949. Only Claims 1, 13, 14, 17, 18 and 22 are in question. This patent was issued as a continuation-in-part of a copending application, filed June 16, 1941 and resulting in patent 719 supra, that is No. 2,577,710, issued on December 4, 1951. The latter patent is classified as a generic patent relating to hair waving, while 323 is designated as a species patent. By assignment these patents ultimately became the property of Tidewater.

RES JUDICATA

The patents were the subject of extensive litigation in the Southern District of New York and in the Court of Appeals for the Second Circuit. Each patent was declared invalid, first 710 and then 323 as dependent upon it, in Helene Curtis Industries, Inc. v. Sales Affiliates, Inc. and consolidated causes. Those embracing 710 are reported in 105 FSupp 886 (1952) (referral to Special Master, multiple suits enjoined), affirmed 199 F2d 732 (1952); opinion of Special Master adopted invalidating 710, 121

FSupp 490 (1954); motion for new trial denied, 131 FSupp 119 (1955), affirmed 233 F2d 148 (1956), cert. den. 352 US 879 (1956). The decisions embodying 323 will be found in 148 FSupp 340 (1957) (injunction against enforcement of 323 denied); reversed and remanded, 247 F2d 940 (1957); motion to take additional testimony denied, 159 FSupp 582 (1958); motion for clarification denied, 254 F2d 470 (1958); and 161 FSupp 345 (1958) (323 invalid, injunction against enforcement granted).

We are urged to dispose of this case upon a plea of res judicata or judgment by estoppel—that the New York decisions are conclusive here. The point made is that Tidewater is the alter ego of Sales Affiliates, Inc., a party to each of the actions in New York as the owner of the patents. In reply, Tidewater says that assuming it does occupy that position, despite its denial, the argument for res judicata or estoppel cannot succeed because of the holding in Triplett v. Lowell, 297 US 638 (1936). The reason urged is that the appellant-defendants are not sued for distribution of the products of any party adversary to Sales Affiliates in the New York suits. As we find the patent invalid in itself, we have no occasion to rule on the effect here of the New York decisions.

The present cause was sent by the District Judge to a master. His report sustained 323, and in this he was confirmed by the District Judge. Without disparaging in the slightest their care and study, we agree, as comity permits, with the Second Circuit in its invalidation of 323 on the grounds, at the least, of double patenting and absence of proof of invention. Triplett v. Lowell, supra, 297 US 638, 642. As the criteria governing patentability are standards of law, and since the decision of the District Court was largely based on documentary evidence, in not following the conclusions of the trial court we are not offending the "clearly erroneous" precept of Rule 52(a)

F.R.Civ.P. Nicholson v. Carl W. Mullis Engineering & Mfg. Co., 315 F2d 532, 536 (4 Cir. 1963); Noe v. Smith, 300 F2d 430, 431 (5 Cir. 1962); Iravani Mottaghi v. Barkey Importing Co., 244 F2d 238, 248 (2 Cir. 1957) cert. den. 354 US 939.

THE PROCESS GENERALLY

Permanent waving is, of course, dependent upon the reduction to plasticity of the hairs of the head. A molecular substance known as keratin exists in each strand and furnishes its fibrous character, that is its body and strength. The molecules are arranged in longitudinal cords, consisting of long organic chains rigidly joined by many transverse linkages. Each linkage may be envisioned schematically as a union of two sulfur atoms, each atom attached to a different longitudinal chain. Such connections are called disulfide links. To obtain plasticity of the hair they must be weakened or broken so that the longitudinal chains may slide among each other without stress. The reaction accomplishing this result may be generally classified as a chemical reduction. Then, when the artificially pliable hair has been mechanically curled, the bonds must be replaced to "set" the hair and restore its strength. An oxidizing reaction is used to achieve this end.

At first, waving was obtained by the application of a softening borax or ammonia solution to the hair, after or before it had been mechanically wound, so that the curls were wet while wound. Heat was applied. Then the hair was rinsed and the mechanical curling agents, *e.g.*, mandrels or curling irons, were removed, the hair retaining the wave given it by the winding. The principal disadvantages of this now outmoded process were that it required costly and cumbersome mechanical aids as well as heat capable of causing severe scalp burns.

*Opinion of Albert V. Bryan*

Beginning in the late 1930s, trials were commenced with "cold waving" sulfite and sulfide reducing solutions. These proved unacceptable because the sulfites required excessive time to reduce the transverse bonds and both sulfites and sulfides liberated hydrogen sulfide, a poisonous gas with the strongly offensive odor of rotten eggs which was capable of causing asphyxiation when applied in a booth or cubicle of a beauty salon. It was in this state of things that McDonough filed his application in 1941 for patent 710, which he asserts embodied discoveries made as early as 1937.

DOUBLE PATENTING OF 710 BY 323

Claim 18 in 323 is descriptive of the asserted invention and typical of the claims in suit. It reads:

> "The method of permanently changing the configuration of hair on the living human scalp without damage to the hair structure, including the steps of imparting the desired configuration to the hair and treating of the hair with a permanent waving solution comprising ammonia and an amount of thioglycolate equivalent to about 2% to 10% of *thioglycolic acid,* said solution having a pH between 7 and 9.5, and then fixing said configuration." (Accent added.)

That such claims of 323 were foreshadowed by those of 710 becomes apparent as we examine the earlier 710 in detail.

The disadvantages of pre-1941 art, 710 purportedly discovers, can be overcome by the use as a waving agent of one or more mercaptans containing substituted polar or nonpolar groups. The employment of mercaptans was the thesis of the patent. A mercaptan is defined as "any of various compounds with the general formula RSH that are analogous to the alcohols and phenols but contain sulfur

in place of oxygen and often have disagreeable odors". Webster's Seventh New Collegiate Dictionary (1963). "S" and "H", of course, represent the sulfur and hydrogen atoms. "R" indicates any organic group. Among examples given in 710 of a mercaptan is mercaptoacetic acid, which is thioglycolic acid (T-acid herein) and, as emphasized supra, the principal component of the 323 solution.

Patent 710 describes how these mercaptans are effective as hairwaving agents when used in a solution with a concentration "usually less than 15%". The pH range of the solution, it is said, should be "from 7.0 to 10.0, the preferred pH being about 9.2". The symbol pH expresses the acidity or alkalinity of a solution. Its measurements run from 0 to 14. In this scale 7 indicates neutrality. As the numbers proceed from 0 to 7 they represent decreasing acidity; as they go above 7, they represent increasing alkalinity.

To adjust the acidic solution to the proper pH, 710 directs the use of bases, including among others, aqueous ammonia, also a component of the 323 solution. Different concentrations and pHs are recommended when hot and cold wave procedures, respectively, are employed. The following representative claim was asserted:

> "1. A permanent waving composition comprising a merceptan having a molecular weight less than 121 and having the general formula R—SH, where the organic group R contains a carbon atom attached to the sulfur atom, said mercaptan having a vapor-pressure-depressing substituent in the organic group R, in a solution containing an alkaline material having a dissociation constant less than $5x10^{-3}$, said solution having a pH higher than pH 7 and not higher than pH 9.5, the concentration of said mercaptan in terms of weight per volume ranging between about 1% and about 10%, the concentration of

mercaptan and the pH of the solution being adjusted within said ranges to obtain a permanent change in the configuration of human hair during a given time of application without damage to the hair structure by having the concentration of mercaptan in the higher portion of said concentration range for a lower pH and having the concentration of mercaptan in the lower portion of said concentration range for a higher pH within the stated pH range."

Claims 2, 3 and 4 vary only in that they speak of slightly different pH's and mercaptan concentration. Some use the term "alkaline material" and others its synonym "base". Claim 3 describes a volatile base of the same dissociation constant. Claim 5 covers a "non-ionizing" substituent, which, contrary to the others, would exclude T-acid, but features a base of the same dissociation constant. Claims 17 and 18, too, are quite similar to Claim 1. Other pertinent claims are:

"6. A composition as specified in claim 1 wherein the vapor-pressure-depressing substituent is an ionizing group.

"7. A composition as specified in claim 1 wherein the vapor-pressure-depressing substituent, is an acidic group."

* * *

"10. A composition as specified in claim 1 wherein the dissociation constant of the alkaline material is about $10^{-5}$.

"11. A composition as specified in claim 3 wherein the dissociation constant of the alkaline material is about $10^{-5}$."

* * *

"13. A composition as specified in claim 3 wherein the vapor-pressure-depressing substituent is an ionizing group.

"14. A composition as specified in claim 3 wherein the vapor-pressure-depressing substituent is an acidic group."

SIMILARITY OF 323

Tidewater concedes that the invention claimed in 323 was disclosed in 710, but it denies that any claims therefor were asserted in 710. This denial we think is untenable. No one cognizant of the art can read the two patents without immediate recognition of the identity. The specifications in each are frequently parallel. The pH ranges are the same, as are the concentration percentages.

We cannot agree with the holding of the District Court that 710 does not claim, as does 323, T-acid and ammonia. While 710 does not favor the use of T-acid, it certainly claims its use generally. The coincidence of the claims of 710 and those of 323 clearly appears in the Claims 1-4, 6-7, 13-14, and 17-18, of 710, described supra in relevant part, for T-acid fits into the prescription of each of them.

Turning to the representative claim of 710, No. 1, supra, it will be seen that it first prescribes a "mercaptan having a molecular weight less than 121 and having the general formula R-SH where the organic group R contains a carbon atom attached to the sulphur atom". T-acid, the major ingredient of 323, is a mercaptan with a molecular weight of 92. In columns 3 and 5 of the 710 specification it is stated that the "R" group of a mercaptan may be either "simple" (composed merely of carbon and hydrogen) or may contain, as does T-acid, other "substitute" groups (substituting other elements where only carbon and hydrogen appear in a "simple" mercaptan). T-acid is a relatively simple mercaptain ($SH_2CCOOH$), with a COOH group of carbon, oxygen and hydrogen known as the carboxyl group.

Next, Claim 1 prescribes that "said mercaptan [have] a vapor-pressure-depressing substituent in the organic

group R''. The specifications, 5-59, state that by this substituent "is meant a substituted mercaptan which contains in its organic group R either a polar (ionizing) group or a nonpolar (non-ionizing) group of the type above described . . ." T-acid is polar, ionizing and acidic. The patent states that "either polar or non-polar groups are within the spirit and scope of this invention."

Then Claim 1 directs that this substituted mercaptan be contained "in a solution containing an alkaline material having a dissociation constant less than $5 \times 10^{-3}$, said solution having a pH higher than pH 7 and not higher than pH 9.5, the concentration of said mercaptan in terms of weight per volume ranging between about 1% and about 10%, the concentration of mercaptan and the pH of the solution being adjusted within said ranges to obtain a permanent change in the configuration of human hair . . ." True, ammonia is not mentioned by name as it is in 323, but it is comprehended in the solution just described in Claim 1, for it is an "alkaline material having a dissociation constant less than $5 \times 10^{-3}$". It is more narrowly circumscribed in Claims 10 and 11 where "the dissociation constant of the alkaline material is about $10^{-5}$". It is also identified in the specifications, 4-69, when they include ammonia among the "alkaline materials, . . . satisfactory for adjusting these pH's".

Finally, as "illustrations of waving solutions using the new waving agents according to this invention" the patent gives as "EXAMPLE 1, *Polar type—Acidic*" the three components of the 323 solution: mercapto-acetic [T-acid], ammonium hydroxide [ammonia in water] and water.

Proof of double patenting is found in the concession of Tidewater that any product made under 323 would infringe 710. This concession appears explicitly at page 14 in Tidewater's response to appellant Kitchen's exceptions to the master's report. It is implicit in the testimony of

Tidewater's president to the effect that his company acquired 710 to assure protection of its 323 licenses against accusations of infringement of 710. True, 710 may be pursued without infringing 323. This is so, however, only in reference to those claims of 710 not copied in 323. "Double patenting may exist even where, as here, the claims in two cases are not mutually cross-readable. . . ." Application of Zickendraht, 319 F2d 225, 229 (CCPA 1963).

Of course, as we said in S. H. Kress & Co. v. Aghnides, 246 F2d 718, 726 (4 Cir. 1957), an owner is not barred from claiming as inventions in a second patent unclaimed disclosures appearing in an application previously filed by him and still not made public. However, this principle does not obtain unless the second patent is for a "different" invention from that *claimed* in the first. Hence Aghnides gives no support for 323.

Nor do we think that 323 was held, as Tidewater argues, in Tidewater Patent Development Co. v. Gillette Co., supra, 273 F2d 936, 939 fn. 1 (4 Cir. 1960) to be a patent differing from 710. In speaking of these two patents Judge Soper said, "There are substantial differences between the two formulae. . . ." Of course, there are differences, for 710 embraces many substituted mercaptans, while 323 embodies only one, T-acid. Moreover, Judge Soper was speaking on an appeal in an interference proceeding, and the opinion stresses that the validity of the two patents is not therein adjudicated—decided only is the priority of discovery as between McDonough and one Martin.

For a species patent to escape conviction as a double patent of one or more claims in the genus patent, the species must represent a "distinct, different and separable invention". This Circuit, in a case not dissimilar to the present one, through Judge Soper, stated this proposition in terms quite apposite here. Remington Rand Business Service, Inc. v. Acme Card System Co., 71 F2d 628, 633-34 (4 Cir.

1934). So apt are his words and quotations that they are worthy of repetition at length:

> "The second Powell patent . . . we think is invalid for double patenting, since it covers the same invention as that disclosed in the first Powell patent. The drawings are identical and the descriptive parts of the specification are substantially the same. . . ."
>
> * * *
>
> "The rule as to double patenting is clearly stated in Century Electric Co. v. Westinghouse (C.C.A.) 191 F. 350, 352, as follows: 'An inventor, it is true, may not sustain a subsequent patent for an invention actually claimed and secured in a former patent. * * * Nor may he sustain a subsequent patent for an essential element of an invention secured by a former patent without which that invention would not have been patentable. * * * But one who makes several patentable inventions * * * may have as many separate valid patents as he makes patentable inventions. His is the option to secure all these inventions by a single patent, or by many patents, and the fact that he describes all of them in his application or specification for an earlier patent to secure one or more of them, does not invalidate a subsequent patent to him for those inventions there described but not claimed. * * * And a patent for an invention does not avoid a later patent for an improvement thereon nor does a patent for an improvement avoid a later patent for the invention in which the improvement is made. * * * The sum of the whole matter is that while an earlier patent avoids a later patent to the same patentee for the invention claimed and secured by the former it does not invalidate a later patent to him for a distinct, different

and separable invention whether generic or specific, whether an original machine or process, or both, or an improvement thereon which is not actually claimed or secured by the earlier patent.'

"See, also, Gibbs v. Montgomery Ward & Co. (C.C.A.) 27 F.(2d) 466; Id. (D.C.) 19 F. (2d) 613. This situation was recognized by the District Court, but the patent was sustained because it was issued upon an application filed as a division of the application upon which the first patent was issued, and this was done at the suggestion or requirement of the Patent Office. It was thought that it would be inequitable to reject the patent, since the plaintiff was led to adopt this course by the Patent Office itself. The effect of such a holding, however, would be to extend the patent for an additional period, since the issuing date of the first patent was July 27, 1926, while the second runs from September 4, 1928. The patentee was not obliged to accept the ruling of the Patent Office, and may not lengthen the term of his monopoly by the improper division of the patent which has resulted."

Tidewater cites *Remington* and *Century Electric* to argue that 323 is not invalid as double patenting merely because its claimed "composition of thioglycolic acid and ammonia falls within the scope of the 710 claims . . . and falls within the 323 claims that are specific to said composition. . . ." But it is obvious that the two cases, quite contrary to Tidewater's construction, posit the presence of double patenting on the presence of double claims for the same invention. None of the decisions cited by Tidewater controvert the proposition enunciated by Judge Soper. E.g.: Traitel Marble Co. v. U. T. Hungerford Brass & Copper Co., 22 F2d 259, 262 (2 Cir. 1927); Application of Heinle, 342 F2d 1001 (CCPA 1965); Thomson-

Houston Elec. Co. v. Ohio Brass Co., 80 Fed. 712, 726-27 (6 Cir. 1897); Marks v. Polaroid Corp., 129 FSupp. 243 (D. Mass. 1955). Only Application of Sarett, 327 F2d 1005, 1014 (CCPA 1964) might seem to lend support to Tidewater's argument. However, this decision, in turn, relies upon Stringham, *Double Patenting*, and in this same work we find the author approving this statement:

> "'*A patent for the genus always covers the species,* and hence every subsequent inventor of a specific invention, though entitled to protection for what he has himself conceived, holds his exclusive privilege *subject to the general rights of the inventor of the generic invention.*'" (Accent added.) (page 209).

Thus Stringham sustains our conclusion: that the species patent must fall if within the coverage of the genus patent.

For these reasons we hold, contrary to the view of the master and the District Judge, that the six claims here of 323 are invalid as double patenting by their duplication of 710. Miller v. Eagle Mfg. Co., 151 US 186 (1894). The injury resulting is at once evident. Apart from subjecting the appellant-defendants to the damages ordered assessed, such repetitive patenting would extend the effectiveness of 710 from its expiry in December 1968 to 323's terminal date of February 1973. At the same time it would expose the public to double threat and hazard.

### Discovery or Invention not Proved

The invention attributed by the District Court to 323 was stated by the master to be "the discovery of the compositions of matter and methods of permanent waving of

hair as specified in the six claims now remaining in this litigation."

But the record shows beyond dispute that these compositions were not a "discovery". As to T-acid, the following colloquy between the Court and Tidewater's counsel demonstrates it:

> "The Court: It [thioglycolic acid] had been *known for nearly seventy years.* All right, now, the *mere fact of suggesting that thioglycolic acid will help in a permanent wave is not a patentable idea* in itself, is it, any more than suggesting that salt, which is a known chemical, might be used for a dozen uses? That is true, isn't it?
>
> "Mr. Finnegan: I think *that is right,* sir.
>
> "The Court: Now, don't we come down and don't we narrow the issue down to the proposition of using a certain solution within the limitations and purposes, that is the real test?
>
> "Mr. Finnegan: That is right, and that is what this patent is about. I would say this, that the invention concept has to start somewhere and the idea of using T-acid gives it the origin and it is the working together, working out of the combination that results in the invention that is claimed, working out these other limits." (Accent added.)

The ammonium hydroxide, ammonia gas dissolved in water, is primarily employed in the waving process to adjust the pH of the T-acid. It is utilized to control the pH of the solution by achieving the proper degree of alkalinity. Ammonia in solution is a common base and its instant use was described in the Maeder British patent, No. 435,213, of September 17, 1935. This was the observation of the Patent Office Examiner in his report on 323, mailed to counsel April 18, 1950.

That the use of these constituents did not represent the invention claimed—but that the proportions of their concentration which fixed the pH comprised the invention—is revealed by the following exchange between the Court and Tidewater's counsel:

> "The Court: So what it all adds up to is that with the three things that you put together to make the permanent wave solution—thioglycolic acid, ammonia and water—that *it is the percentage, the quantitative grouping of these three that makes the patent.*
>
> "Mr. Finnegan: *That is right.* The combination of certain percentages, certain pH gives the unique material." (Accent added.)

Thus the pH and the concentration of the solution, according to Tidewater below, constituted the sole features of the invention—these figures were critical. Parenthetically, one might note that the two are not independent phenomenae. The concentration of the solution absolutely fixes the pH. This "criticality" was exclusively and successfully urged upon the Patent Office as the inventiveness in 323. Moreover, it was the ground on which Tidewater won the interference proceeding in this court, according to Judge Soper's opinion in Tidewater v. Gillette, *supra*, 273 F2d 936, 940. There the judge noted that "the pH rating . . . is confessedly the heart of the patent".

Notwithstanding, later in our case in the District Court, *Tidewater disavowed criticality* as the invention of 323. For instance, in its brief filed before the master in the District Court, Tidewater stated in black type:

> "Since 323 is not a criticality invention, the 710 discussion of 'disclosure' of criticality is irrelevant."

Under this title line, Tidewater further stated:

> "323 *does not posit invention on criticality.* (Accent in original.)

> "Thus, criticality, the basis of invalidity in the 710 case . . . [is] irrelevant to any consideration of the 323 patent herein, except as a fifth string to its bow."

This position was reiterated several times thereafter in the brief.

Again, in answer to the Defendants' Memorandum in Lieu of Further Oral Argument on the Objections to the Master's Report, Tidewater stated:

> "Plaintiff does not claim criticality in the technical patent sense for these intermediate, *practical* values." (Accent in original.)

Tidewater would escape the bar of its disclaimer of criticality by urging that its arguments before the District Court are immaterial; that the letters patent speak conclusively, no matter the statements of the patentee or his counsel, citing Hutzler Bros. Co. v. Sales Affiliates, Inc., 164 F2d 260, 267 (4 Cir. 1947); and Traitel Marble Co. v. U. T. Hungerford Brass & Copper Co., supra, 22 F2d 259, 261 (2 Cir. 1927). Neither of these decisions, however, authorizes an appellant to give an assurance to the court and opposing counsel at trial and then reverse it on appeal.

Obviously, the purpose of the assurance here was to avoid the condemnation suffered by 710 and 323 in the New York cases on the ground of lack of criticality. In that litigation, where 323 was involved, Tidewater or its assignor Tidewater's creator, also abandoned criticality as an invention of the patent—to escape the fate of 710—but then, contrary to its concession here, depended "upon the discovery of new and useful compositions of matter for permanent waving". Helene Curtis Industries, Inc. v. Sales Affiliates, Inc., supra, 161 FSupp 345, 349. There is high authority for acceptance by a court in its decision of statements made by counsel to the court, even in the heat of

argument; they are "impressive and significant". Minerals Separation, Ltd. v. Butte & Superior Mining Co., 250 US 336, 352 (1919). Tidewater cannot complain because we take it at its word.

The documentary proof of double patenting and the concessa negativing the invention or discovery here override the statutory presumption of validity, 35 USC 282, as well as "[s]uch secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc." Graham v. John Deere Co., supra, 383 US 1, 17. On so concluding we have no occasion to consider the charges of infringement.

Attorney fees in a reasonable amount should be awarded to the appellants as the prevailing parties. 35 USC 285. The exceptional circumstances dictating this allowance are the fact that when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here. Plymouth Rubber Co. v. Minnesota Mining & Mfg. Co., 203 FSupp 595, 601 (1962), affirmed and modified on other grounds, 321 F2d 151 (1963), cert. den. 375 US 969 (1964). To leave the appellants or their indemnitors to bear the expense of defending Tidewater's accusations of infringement upon these facts would be to saddle them with an unjust hardship. On remand the District Court will fix the amount of such fees for attorneys' services in taht Court as well as in this.

The judgment of the District Court must be reversed and the action remanded with directions to dismiss the action, awarding costs and counsel fees to the appellants.

Reversed and remanded.

## Opinion of Albert V. Bryan, on Petition for Rehearing

UNITED STATES COURT OF APPEALS

FOR THE FOURTH CIRCUIT

No. 10,463

TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,
Appellee,

*versus*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,
Appellants.

OPINION ON PETITION FOR REHEARING
Filed February 14, 1967

ALBERT V. BRYAN, *Circuit Judge*:

In a petition for rehearing en banc, Tidewater attacks, especially, our award of counsel fees to appellants. Contrary to petitioner's assertion, the fees were asked by appellants; the court did not act ex mero motu. This allowance, we said, was based on the finding that the relitigation of patent 323 was, in the circumstances, an abuse of that right. We thought it vexatious. We still think so. If Tidewater wants to litigate and relitigate it alone should pay the cost when it does not prevail.

Moreover, despite the protest of the petition we adhere to our view that in the District Court Tidewater did disavow criticality as an invention of 323 but claimed it on appeal. The statements of its position, as quoted in the opinion,

clearly conceded below that Tidewater did not rely on criticality for the patent.

These two points of the petition are noted first because Tidewater's counsel reads our advertence to abuse, and to the subsequent change of position on criticality, as imputing unethical conduct to him. Abuse of a right may occur without connoting moral wrongdoing. That plainly was the sense in which "abuse" was employed here. Likewise, concessa made at trial by counsel may be interpreted by him in argument on appeal without suspicion of any attempt to renege. But the trial has to be reviewed on what appears of record, and the appeals court must objectively construe the concessions for their meaning. A construction contrary to the reading of them argued by counsel does not insinuate a distrust of him or a breach of ethics.

In neither instance did we impugn counsel's personal or professional character or intend to do so. No such opinion of him was expressed or implied.

Further in its petition Tidewater questions our statement that "the species patent must fall if within the coverage of the genus patent" and our quoting of *Stringham* in support. Bereft of its context the sentence might be subject to a valid attack. But, as is apparent from the opinion, and particularly from the lengthy quotation of Judge Soper therein, the word "coverage" is used to indicate what the genus patent *claims*, not what it "covers" in the Stringham usage.

In the interest of clarity, however, we withdraw from the opinion both the questioned statement and the citation of *Stringham*. The comment on *Application of Sarett* will remain; it is not contrary to the conclusions of our opinion. There, absence of double patenting was found because, unlike here, the claims involved in the two patents were separate and distinct. In this connection, we think the

petitioner should be sustained in its attack on our inference of double patenting from Tidewater's concession "that any product made under 323 would infringe 710". This deduction may not in the circumstances be sound.

In all other respects the petition for rehearing is denied. An order will be entered modifying the original opinion as directed herein, but confirming the order of reversal heretofore entered, including the direction for allowance of costs and reasonable counsel fees to the appellants.

## Opinion of Ted Dalton, Ch. D. J.

IN THE

UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF VIRGINIA

ROANOKE DIVISION

Civil Action No. 1090

TIDEWATER PATENT DEVELOPMENT COMPANY,
Plaintiff,

v.

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners, Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,
Defendants.

This suit was brought to determine the validity of and possible infringement of U. S. Patent No. 2,736,323 (hereafter 323) which issued on February 28, 1956 to Tidewater as assignee of the inventor, Everett G. McDonough. The patent in issue relates to a permanent waving composition.

In accord with the directions of this Court Howard C. Gilmer, Jr., a Special Master, submitted a report setting forth his findings of fact and conclusions of law. He ultimately found the 323 patent claims to be valid and held the claims infringed by certain products of the defendant, K. M. Kitchen Beauty Supply Company.

That this case has been long and involved is an understatement. Since August 15, 1960 when the complaint was filed, an abundance of briefs and memoranda has been submitted. In view of the complexity of the case, however, the great volume of material was not unexpected.

The plaintiff, Tidewater Patent Development Company, Incorporated, is a corporation which exists under the laws

of the State of Virginia. The defendants are K. M. Kitchen and Virginia M. Kitchen, trading as the partnership of K. M. Kitchen Beauty Supply, of Lynchburg, Virginia. It should be noted at the outset that Middlebrooke-Lancaster, Incorporated and E. Frederics, Incorporated, are actual defendants in the instant case, having taken active part in the defense, so that they will be bound by judgment rendered herein.

In response to the complaint originally filed alleging patent infringement, defendants put forth an answer, amended twice during the proceedings, which denied any such infringement and counterclaimed, praying the patent be declared invalid.

A great deal of prior litigation was carried on in the United States District Court for the Southern District of New York with regard to U. S. Patent No. 2,577,710 (hereafter 710), the parent of Patent No. 2,736,323, both of which McDonough was the inventor. In the "New York Decisions", as they have come to be referred to, McDonough's patents were held invalid.

## I

### Effect of the Report of the Special Master

The Federal Rules of Civil Procedure provide in Rule 53(e)(2) that:

> "In an action to be tried without a jury, the court shall accept the master's findings of fact unless clearly erroneous".

By its very words, the rule is mandatory. Stated differently, there is a strong presumption of correctness in favor of the Master's findings and they are not to be set aside unless manifestly wrong. Error or mistake on the Master's part must be readily apparent for this Court to disregard his conclusions.

In the instant case, the Master saw and heard all the witnesses testify in New York, Norfolk and Roanoke; he was therefore in a particularly good position to judge their credibility. In view of the experience and training of the Special Master and his careful inquiry into this difficult case, his findings are rightfully accorded great and special weight, especially where there is, as here, extensive conflicting testimony. See London v. Troitino Bros., Inc., 301 F.2d 116 (4th Cir. 1962); Esdale v. Edwards, 28 F.R.D. 390 (W.D. N. C. 1961) Even if another trier of facts were to decide differently on the record than did the Master, the Court should accept his findings unless clearly wrong.

## II

### Public Interest

One objection which defendant took to the Report of the Special Master was that he failed to consider the public interest in the outcome of the litigation. The Court does not agree with this contention. As is evident on page 1 of his Report, the Master was duly impressed by magnitude and importance of the problem before him. While it is true as stated by Circuit Judge Bryan in U. S. Pipe and Foundry Co. v. Woodward Iron Co., 327 F.2d 242, 248 (4th Cir. 1964) that "the public interest is at stake in every patent." It is clear from a reading of the Report that the Master did not ignore the public interest. (It is equally true that adequate patent protection must be extended to those who give the public new and useful inventions.) It is in the public interest that proper recognition be given deserving inventors, or incentive to invent would weaken, and the public would suffer accordingly.

## III

### Alter Ego

To determine if Tidewater is a mere alter ego of Sales Affiliates, Inc., a careful investigation of the factual background of the case at bar is necessary.

Everett G. McDonough was employed by one Ralph L. Evans, the president of Sales Affiliates, Inc. Before the issuance of McDonough's 710 patent, the inventor filed a continuation-in-part application (Serial No. 110,239) which was later to become the 323 patent. The 710 patent issued on December 4, 1951 and within a few hours was made the subject of a declaratory judgment action in the United States District Court for the Southern District of New York to declare the patent invalid and not infringed. See Helene Curtis Industries, Inc. and Gillette Safety Razor Co. v. Sales Affiliates, 105 F.S. 886 (S.D.N.Y. 1952) aff'd. 199 F.2d 732 (2 Cir. 1952).

On February 12, 1952 pursuant to 35 U.S.C. § 135) an "interference" proceeding was instituted by the Patent Office to determine priority of invention between the McDonough continuation-in-part claim and certain applications by one Harry Martin. While the interference was pending, a judgment was entered invalidating the parent 710 patent Helene Curtis v. Sales Affiliates, 121 F.S. 490 (S.D.N.Y. 1954) aff'd. 233 F.2d 148 (2 Cir. 1959).

The 710 patent having been found invalid in the Southern District of New York, Evans naturally wanted to avoid further litigation in that Court and therefore assigned his "species" or 323 application to a Virginia corporation, Tidewater Patent Development Company. His purpose in doing so was to insure that any suit subsequent to the "interference" proceeding would be brought in the Court of Customs and Patent Appeals in the District of Columbia or in the United States District Court in Virginia. Tidewater was formed at the direction of Evans, by a Mr. Redfern, a lawyer and nephew of Mrs. Evans. The assignment of the application was made in consideration of 2,000 shares of Tidewater's stock. Under the terms of the assignment, Sales Affiliates did reserve a license, in the event a patent should issue. At this point Tidewater was con-

trolled and owned by Sales Affiliates. Since Tidewater was lawfully organized and with no illegal or fraudulent purpose, it is to be treated as a separate entity even though it was wholly owned by Sales Affiliates.

On advice of counsel, Evans next decided to completely divest Sales Affiliates of ownership in Tidewater, fearing that litigation on the 323 application might otherwise be brought into the Second Cicuit. On the morning of January 11, 1955, Evans decided to call a Mr. Benjamin Kinney. Several reasons prompted him to do so: (1) Evans' son was married to the daughter of Mr. Kinney's wife; (2) Evans knew of Kinney's business background, i.e., he was a member of the Board of Directors and President of H. D. Lee Company, a clothing manufacturer with general offices in Kansas City, Missouri; (3) Kinney was a man of some means and could afford to invest in such a speculative undertaking; (4) Kinney was approaching the age for retirement from his company. Kinney had had no prior business association with Evans whatsoever. In their telephone conversation, Evans offered to sell to Kinney all the Tidewater stock and stated that he would travel to Kansas City to discuss the transaction. Fast action was called for because Evans desired to complete the sale before any decision was made by the Patent Office. Kinney accepted the offer, realizing the risk involved, but also understanding that he stood to gain a good deal of money. For the purchase price of Ten Thousand Dollars ($10,000.00), Kinney obtained the Tidewater stock. From that date forward, Kinney was in complete control of Tidewater and made all policy decisions. A decision was made by Kinney to retain Mr. Finnegan as patent counsel in view of the counselor's familiarity with the case. This was not an unsound act from a business standpoint.

Sales Affiliates entered into a licensing agreement with Tidewater to pay Tidewater royalties. It did so to prevent

Proctor and Gamble under its agreement with Sales Affiliates from demanding a royalty-free license under its "Favored Nations" clause.

When the 323 patent issued on February 28, 1956, Kinney decided that suit for infringement should be brought against customers of Helene Curtis and Gillette. This was done in the United States District Court for the Eastern District of Virginia. Then the New York plaintiffs involved in the 710 litigation made a motion at the foot of the 710 judgment to hold Sales Affiliates in contempt and to find Tidewater the alter ego of Sales Affiliates. In finding alter ego, Kaufman, J., in Helene Curtis v. Sales Affiliates, 159 F. Supp. 582 at 583 (1958), denied the taking of additional testimony and said:

> "To sanction such an inquiry would be to ignore the clear language of the Court of Appeals which directed me to determine whether 'Tidewater *was* a mere alter ego of Sales Affiliates'. The use of the past tense was not unintentional." (original emphasis).

Hence, as the Master aptly pointed out the New York Courts considered the activities, conduct and status of Tidewater which had existed for only a few months, whereas in this case there has been an opportunity to observe the activities and status for over nine years' time.

In the years following the issuance of the patent, Tidewater began to receive substantial royalties. Beauty shops were purchased at Kinney's direction in order to increase the income of Tidewater. On November 7, 1957, Redfern resigned all offices and since that time has had no dealings with Tidewater. The officers were then: Benjamin Kinney, President and Director; Mrs. Kinney, Vice President and Director; and William Worthington, an attorney, Secretary and a Director. In 1958 Mr. Kinney retired from the H. D. Lee Company.

On losing the Martin interference suit, Tidewater in 1958 moved to dismiss the Virginia infringement suits against customers of Helene Curtis and Gillette.

On December 10, 1959 the earlier decision adjudging Harry Martin original and sole inventor of a patent (including claims of the 323 patent) was reversed by the Fourth Circuit Court of Appeals in the case of Tidewater v. Gillette, 273 F.2d 936.

The Master carefully considered all testimony and concluded that there was no connection between Sales Affiiliates and Tidewater which would warrant a finding of alter ego. Mr. Kinney ran his own company as he saw fit without influence from Evans or Sales Affiliates. The Court cannot say that the findings and conclusion of the Master on the question of alter ego were clearly erroneous, hence his findings in this respect are confirmed.

## IV

### Res Judicata

The determination that Tidewater was not an alter ego of Sales Affiliates necessarily precludes a finding of res judicata. A judgment is conclusive in a later suit under the rule only when the parties to the action, as well as the cause of action and issues, are identical. While Sales Affiiates, Inc. was a party in the "New York Decisions", Tidewater was not. See Kress v. Aghnides, 246 F.2d 718 (4 Cir. 1957). The Master pointed out and the Court is aware of the differences inherent with regard to time of the invention, reduction to practice, the prior art and defenses raised.

In concluding that the 710 patent was invalid, the New York courts repeatedly stated that the invention failed to stand up under the test of criticality of limits. The 710 patent involved generic claims; the 323 involves the dis-

covery of a species. The 323 invention may be held patentable on any one of a number of statutory categories:

(1) new method
(2) new use of a known composition of matter
(3) new composition of matter
(4) new improvement

The 323 invention may, but does not have to, be based on the ground of "criticality" alone.

In the 710 case the invention date was held to be June 16, 1941, because of the generic scope of the mercaptan series. The invention date for the 323 species patent, on the other hand, has been shown by substantial evidence to be about April, 1937. With the difference in invention date, much of the prior art cited in the Second Circuit against the 710 invention is irrelevant as far as the instant 323 litigation is concerned.

The 323 summary proceeding which was added at the end of the 710 judgment was based solely on the record in the 710 case. Thus, the weight to be given such declaration is *de minimis* in the plenary proceeding now before this court. In the Second Circuit, there was never any opportunity to present the case for the 323 patent on the merits.

The Master's conclusion that the "New York Decisions" are not controlling in this case because of different parties, different issues and a different record is not unfounded and should be sustained.

## V

### The Invention Date

There is substantial evidence in support of the April, 1937 invention date which the Master found. A memorandum written by McDonough to Evans containing informa-

tion of permanent waving solutions with 5% thioglycolic acid and varying amounts of ammonia was taken from a bound laboratory book between pages dated April 28 and April 30, 1937. Such experimentation by McDonough at this date was corroborated by Evans' testimony. The early date of conception of the invention, about April, 1937, was held to be sufficiently established in Martin v. McDonough by a decision of the Board of Patent Interferences in the United States Patent Office. This was later affirmed by Judge Soper in Tidewater v. Gillette, 273 F.2d 936 (1959). From 1938 to 1940 there is evidence that experiments in cold waving were carried on. In particular, a successful cold wave was given a living model by Evans' assistant, a Miss McGoldrick, who used a solution of thioglycolic acid and ammonia. On June 16, 1941, McDonough filed his application for the generic 710 patent. Prior thereto he had engaged in much research to support his applications for the generic monopoly. The later filed application for the 323 continuation-in-part patent is entitled to the earlier filing date for the parent 710 patent for commonly disclosed subject matter. 35 U.S.C. § 120 provides:

> "An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States by the same inventor shall have the same effect as to such invention as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain specific reference to the earlier filed application."

The 323 application was filed on August 13, 1949, and the 710 patent did not issue until December 4, 1951; so the benefit of the earlier filing date attached.

The evidence supports the conclusion that McDonough was the first to conceive the invention and reduce it to practice.

## VI

### Prior Permanent Waving Art

It is necessary to examine attempts made to change permanently the configuration of women's hair before the 323 patent to determine whether "the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains". 35 U.S.C. § 103. A close examination of the state of technology at the time of the 323 invention is therefore called for.

To enhance their appearance women through the ages have gone to great lengths to wave their hair. Heat has been the main means for achieving a permanent set in human hair, but the attendant discomfort and occasional harm attendant caused the search for an effective cold permanent wave.

John Bamber Speakman of England was one noted chemist who taught that hair could be waved at "body" temperature by treatment with a reducing agent. His theory was that such reducing agents were effective in the alkaline range only at and above pH 10 and in the acid range at pH 6. While his teaching was originally well received, the want of any practical result evidenced no advance in the art.

The U. S. Patent 2,183,894 filed by Pye in July, 1937 preferred hydrogen sulfide gas as the active agent for cold waving. His main concern was in suppression of the objectionable odor and recommended a composition having a pH of 10.0.

Willat filed his application for U. S. Patent 2,180,380 in March, 1937. Unlike Pye, he was little concerned with

pH values as long as total alkalinity was low. His product was relatively effective in the cold-waving of human hair but was toxic and had an offensive odor which required an elaborate mechanism with a ventilating system over the user's head. The Willat circulating apparatus was later banned by the Government following the death of a woman in Georgia.

The date on which Harry Martin filed his patent application was three months prior to McDonough's application date. This, however, was long after McDonough's invention date of April, 1937. In Martin's teachings there is no disclosure of the claims in the 323 patent. Martin advocated a solution of sodium thioglycolate at pH 6 to 7 which is contrary to the pH values taught by McDonough. Moreover, in an interference suit with Martin in the United States Patent Office priority was awarded to McDonough. The decision was later affirmed in Tidewater v. Gillette, 273 F.2d 936 (1959).

Prior knowledge, in order to defeat a claim for a later patent, must be public knowledge. The knowledge must relate to a complete and operative process. Samuel Grant's application while filed January 2, 1941, was abandoned in 1947; hence, that application could be used neither as prior art nor proof of prior invention. Joseph Bancroft & Sons Co. v. Brewster Finishing Co., 113 F. Supp. 714 (D.C.N.J. 1953); Carter Products v. Colgate Palmolive Co., 130 F. Supp. 557 (D.Md. 1955).

Cosmetic depilation is an art not analogous to the art of permanent waving of hair. The purpose of the former is the complete removal or severance of the hair at or beneath the skin surface, while the latter is aimed at changing the configuration of the hair above the skin surface without hair destruction. While there may be some initial similarities between the two fields, breaking of the disulfide linkages, it would not be obvious to a person of ordinary skill in the permanent waving art that there was any

relationship to cosmetic depilatories. The depilatory patents filed do not disclose the 323 invention. For even better reason, the unhairing of hides art was non-analogous to the permanent waving art. In unhairing, odor of the compounds used is unimportant; the entire animal hide may be immersed in certain solutions for long periods of time. In Sales Affiliates v. Hutzler Bros. Co., 71 F. Supp. 287, Judge Coleman found no difficulty in the distinguishing the unhairing of animal hides from the cosmetic depilation of human hair. Here the Court finds no analogy between cosmetic depilation and the permanent waving of human hair.

The Master concluded, and this Court agrees, after a thorough examination of prior patents and publications that no disclosure of the 323 invention for permanent waving existed in any prior art.

## VII

### Double Patenting

Although the 323 invention of the solution of thioglycolic acid and ammonia is not specifically claimed in the 710 patent, it is nonetheless disclosed. There is what is known as a generic-specific relationship between the two patents. The chemists in the United States Patent Office recognized the unique differences between the specific ammonia-thioglycolic acid composition and the generic claims embodied in the 710 patent. Further support for distinct subject matter of the 323 patent is found in Judge Soper's holding in Tidewater v. Gillette, 273 F.2d 936. There he said at page 939, in footnote 1:

> ". . . The fact is that Helene Curtis Industries v. Sales Affiliates, supra, was concerned with the infringement and patentability of the formula set out in the claims of the earlier McDonough patent 710,

> while the controversy in the pending case relates to the formula set out in McDonough's later patent 323. There are substantial differences between the two formulae."

Normally, an earlier patent voids a later patent to the same patentee in which the claims are the same. This rule of "double patenting" prevents one from extending his legal monopoly beyond 17 years. However, if a second patent application is filed while an earlier one is pending, the unclaimed disclosures in the first application may be asserted in a later application as long as they are for a different invention. S.H. Kress Co. v. Aghnides, 246 F.2d 718, 726; Traitel Marble Co. v. U. T. Hungerford Brass Co., 22 F.2d 259, 261 (2 Cir. 1927). The claims of the two patents are not co-extensive, for the generic 710 patent can be practiced without infringement upon the 323 patent. As the Master found, claims of the 323 patent do not constitute double patenting over the claims of patent 710.

## VIII

### Indefiniteness

One necessary concomitant of a valid patent is a "full, clear, concise and exact" description so that anyone skilled in the art can utilize the process. 35 U.S.C. § 112. Without a precise description, a patent may be void for indefiniteness. Defendants make this contention in the instant case.

Hair varies greatly from one individual to another, and there is even a difference in hairs on the head of one individual. Variances occur both in thickness and in pigmentation. In addition, other chemicals used in dying or bleaching hair and mere exposure to nature's elements are factors which must be taken into account in the treatment of human hair. As a result, the same chemical solu-

tion may have an entirely different effect on hair from one person to the next. There must, therefore, be some latitude allowed in the operative and effective limits of the 323 invention. Certain pertinent statements made by Dr. Reich, in T. 12 pp. 1713-15, and quoted in the Master's Report, may be here cited with vantage.

> "Q. Well, now assume that you conducted what you call a statistics study of the effect of pH in a hair waving solution of ammonia and thioglycolic acid, and you conducted this on a great many heads of human hair and you found that in all but a very few cases the hair was damaged at and above pH 10, before a full permanent wave was obtained, whereas below pH 10 you found that in all but a few cases the hair could be fully waved without damage.
>
> Would you regard the point pH 10 as a scientific dividing line between the phenomena of damage and no damage phenomena?
>
> A. Yes, I would, and I would say that is about the only type of scientific dividing line you could hope to get, namely a dividing line between something which has one effect in a great majority of cases and something which has the other effect in a great majority of cases."

Dr. Reich further stated:

> "Q. Now let us assume that you conducted a similar study, statistically of the effects of a pH in ammonia thioglycolic acid solution on a great many heads of human hair and found that in all but a very few cases the speed of waving does not vary appreciably below pH 7, but above pH 7 the waving speed increased markedly with the increase of pH.

*Opinion of Ted Dalton, Ch. D. J.*

How would you regard that point, pH 7, as a scientist, so far as it being a critical or significant dividing line in this phenomena?

A. Well, that sounds like a very definite critical dividing line between one type of effect and a different type of effect. As I said before, provided you find that it gives one effect in a great majority of cases below 7 and the opposite effect above 7, you could say 'This is the limit.' To hope to find it in one hundred percent of all cases would be just too much in dealing with something like hair.

Q. Now making a similar assumption that you are conducting this statistical study on a great many heads as in the two preceding questions, with solutions of ammonia and thioglycolic acid, and you are varying the pH and you find that with all but a very few instances the—that between pH 9,5 and pH 10, that the time period for achieving full waving before the onset of damage became so short, that operators would have to watch very carefully to avoid damage before a satisfactory wave was obtained, whereas below pH 9.5 there was a substantial time latitude for safe and sure waving. How would you describe in scientific terms the phenomena bearing on the pH 9.5?

A. Well, in the situation you have described there, I would say 9.5 was not a critical or scientific limit in the sense of 7 and 10 which we were speaking about. I would say that 9.5 rather would be called a practical limit or useful limit. It does not tell you the difference between two things which are different in basic nature that happened, but rather the difference between a situation which is useful and practical and one which is tricky or difficult and impractical. So I would say that is a practical rather than a scientific limit."

There is insufficient evidence in the record to justify a finding of indefiniteness. The patent in suit withstands defendant's objection in this regard. A good deal of argument was devoted to what is called the "inverse adjustment provision". It is sufficient to note that with the withdrawal of certain claims, any issue on the adjustment clause is no longer in the case.

## IX

### The Invention

This Court feels that the Master was justified in finding that McDonough was first to discover and teach that a composition of thioglycolic acid and ammonia was effective at certain concentration and pH in imparting an effective cold permanent wave to human hair. Defendants have argued that Dr. Evans should receive recognition for having taken part in the discovery, but the best evidence is that McDonough was the sole inventor of the 323 patent.

The 323 patent teaches more specifically that a chemical composition of ammonia and thioglycolic acid at pH 7 to 9.5 and at a concentration from 2% to 10% will achieve an effective permanent wave. The importance of the relationship between the time of waving and the concentration and pH to reach a safe, desired result is also taught. Moreover, McDonough's invention is free from the bad odor and toxicity which attended the inventions of other chemists in the permanent waving field. The pH preferred by McDonough is about 9.2; concentrations of 2% to 10% are useful depending on pH and speed of waving desired. The patent teaches adjustment of thioglycolic acid and concentration to be used depending on whether a "hot" or "cold" wave is to be given.

A presumption of validity attaches upon the issuance of a patent and such presumption is strengthened when there have been proceedings before the Board of Appeals,

as in the instant case where lack of invention and prior art were considered. See Otto v. Kloppers, 246 F.2d 789 (4 Cir. 1957).

## X

### Obviousness

In the art of permanent waving of hair, many experts had long sought for the results achieved by the 323 patent. Prior to McDonough's discoveries, waving was not only an involved procedure requiring elaborate equipment, but was ridden with dangers of high temperature or toxic solutions. The invention claimed in the 323 patent was one which could be used with complete safety at home. It was certainly not obvious to those skilled in the art, for despite a strong need for such invention, no one had been able to achieve a cold wave product which was safe and effective.

> "The usual defense that the result would have been obvious to one skilled in the art cannot avail the defendant here. Obviousness does not mean that one skilled in the art can perceive the solution after it has been found and pointed out by someone else; the test of obviousness is as of an earlier time, when the search is on. If the answer to the riddle were in fact discoverable as readily as the defendant now claims, it seems incredible that with a latent demand strong enough to result in the sale of 21,000,000 units of this device, the persistent researchers in the industry who were engrossed by the problem would have been blind to the solution. . . ."

See S. H. Kress & Co. v. Aghnides, 246 F.2d 718, 723 (4th Cir. 1957). See also Allen v. Standard Crankshaft, 323 F.2d 29 (4th Cir. 1963). Neither in April, 1937, nor on June 16, 1941 was the 323 invention obvious to the person of ordinary skill in the art; so it fulfilled the required novelty for patenting under 35 U.S.C. § 103.

## XI

### Laches, Estoppel, Intervening Rights and New Matter

The Court has carefully reviewed Defendants' contention that laches, estoppel and intervening rights invalidate the 323 patent and has concluded that their contention is without foundation.

From 1937-1941 McDonough was actively engaged in research by which he hoped to obtain a genus patent. On June 16, 1941 his application containing generic claims was filed, in which a thioglycolic acid-ammonia claim was disclosed. Hence, the later 323 application was entitled to the benefit of the earlier filing date. McDonough at all times followed advice of patent counsel and at no time did he fail to comply with the rules of practice of the Patent Office in the prosecution of his patent application. The wheels of the Patent Office turn slowly and time elapsing between the filing of an application and the grant of a patent is often protracted. As the Master found, McDonough sought to narrow his claims throughout the entire prosecution. There were no intervening public or private rights in existence on June 16, 1941, to constitute estoppel, for the use and sale of other compositions within the scope of his claims took place after that date. Merely because McDonough originally pursued a generic patent, he should not be prejudiced with regard to the 323 specific patent.

There was no "new matter" introduced in the 323 application. McDonough preferred thioglycerol in his 710 application, because of waving performance, but thioglycolic acid was also disclosed in that application. Because of commercial reasons, namely expense and no irritation to the hands of the operator, the thioglycolic-acid composition fares better on the market than does thioglycerol.

## XII

### Infringement

A stipulation entered into between the parties in the case at bar and dated December 13, 1963 only claims numbered 1, 13, 14, 17, 18, 22 of the 323 patent remain for consideration. The first three claims, 1, 13 and 14 are "compostions of matter" claims, while the others, 17, 18 and 22 are claims characterized as "Method" claims. Defendants admit that if these claims are valid, they are infringed by defendants' products.

*Claim 1*

> A permanent waving composition comprising a water solution of ammonia and about 2% to 10% thioglycolic acid, said solution having a pH of about 9.2 the concentration of said thioglycolic acid being adjusted with respect to said pH to obtain a permanent change in the configuration of human hair during a given time of application at a temperature tolerable to the human body without damage to the hair structure.

*Claim 13*

> A permanent waving composition in accordance with claim 10 in which the mercaptan is mercaptoacetic acid; the pH of the solution is about 9.2; and the alkaline material is ammonium hydroxide.

*Claim 14*

> A permanent waving composition in accordance with claim 11 in which the mercaptan is mercaptoacetic acid and the alkaline material is ammonium hydroxide.

On the evidence presented these are found to be valid composition of matter claims of the 323 patent.

*Claim 17*

> A method in accordance with claim 16 wherein the mercaptan is mercapto-acetic acid and the alkaline material is ammonium hydroxide.

*Claim 18*

> The method of permanently changing the configuration of hair on the living human scalp without damage to the hair structure, including the steps of imparting the desired configuration to the hair, and treating of the hair with a permanent waving solution comprising ammonia and an amount of a thioglycolate equivalent to about 2% to about 10% of thioglycolic acid, said solution having a pH between 7 and 9.5, and then fixing said configuration.

*Claim 22*

> The method of permanently changing the configuration of human hair without damage to the hair structure, including the steps of imparting the desired configuration to the hair and treating of the hair for a length of time with a permanent waving solution comprising a water solution of ammonia and about 2% to 10% of thioglycolic acid, said solution having a pH of about 9.2, and then fixing said configuration.

On the evidence presented, these are found to be valid method claims of the 323 patent.

CONCLUSION

Infringement by defendants has been admitted by them as to the claims set down above and which are herein found valid.

The Master's findings of fact and conclusion are supported by the evidence; the Court cannot say the Master's findings are clearly erroneous, therefore, judgment will be entered declaring United States Patent No. 2,736,323 valid and infringed, but the Court being of the opinion that the infringement was not willful, doth deny increased damages and attorneys' fees.

All counterclaims are hereby dismissed.

/s/ TED DALTON
United States District Judge
September 29, 1965

## Judgment

UNITED STATES COURT OF APPEALS

FOR THE FOURTH CIRCUIT

No. 10,463

TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,
Appellee,

*against*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,
Appellants.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF VIRGINIA

This cause came on to be heard on the record from the United States District Court for the Western District of Virginia, and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now here ordered and adjudged by this Court that the judgment of the said District Court appealed from, in this cause, be, and the same is hereby reversed with costs; and that this cause be, and the same is hereby, remanded to the United States District Court for the Western District of Virginia, at Roanoke, for further proceedings consistent with the opinion of the Court filed herein.

/s/ ALBERT V. BRYAN,
*United States Circuit Judge.*

FILED
Nov. 29 1966
MAURICE S. DEAN
Clerk

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SUPREME COURT, U. S.

# Supreme Court of the United States

October Term, 1967

Office-Supreme Court, U.S.
FILED
JUL 13 1967
JOHN F. DAVIS, CLERK

No. 162

TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,

*Petitioner,*

*against*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners Trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,

*Respondents.*

## RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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# Supreme Court of the United States

OCTOBER TERM, 1967

No. 162

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TIDEWATER PATENT DEVELOPMENT COMPANY, INCORPORATED,

*Petitioner,*

*against*

K. M. KITCHEN and VIRGINIA M. KITCHEN, Partners trading as K. M. KITCHEN BEAUTY SUPPLY COMPANY,

*Respondents.*

---

## RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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### Statement of the Case and of the Facts

The Petition for Certiorari is based upon a Statement of Facts (pp. 8-21) which bears no relation to the record in the case. Instead of presenting a counter Statement of Facts, respondents will correct some of the more glaring errors in petitioner's Statement of Facts. This should be more helpful to the Court since it will highlight the differences between the parties and the deficiencies in the Petition for Certiorari.

**Petitioner's Statement of Facts (p. 8):**

> "Indisputably, a new chemical composition of matter, an aqueous composition of thioglycolic acid and ammonia (T acid-ammonia composition) and a

new use of that composition for permanently waving hair revolutionized the entire permanent wave industry throughout the world by replacing hot waving with cold waving (Vol. II pp. 130-131). The McDonough 323 patent, the patent claiming that new composition of matter, is the patent in issue."

Comment:

1. "Aqueous composition of thioglycolic acid and ammonia" is not a "new composition of matter". It was disclosed for another purpose in Leavell & Ellis, Industrial and Engineering Chemistry, Vol. 6, No. 1, 1934, pp. 46, 47 (323 patent, Col. 9, Defendants' Appendix, p. 30a).

2. 323 does claim the thioglycolic acid-ammonia composition of matter, but the application for 323 was filed on August 13, 1949, admittedly many years after the entire industry had adopted the same composition.

3. McDonough, patentee of 323, first disclosed this composition in his 710 patent application filed on June 16, 1941, but this was six months after Grant (Helene Curtis) had filed a patent application disclosing and claiming the same composition of matter (DX-6, Defendants' Appendix, pp. 124a-137a).

4. In 710 McDonough characterized thioglycolic acid as the "least effective" waving compound (710 patent, Col. 5, Defendants' Appendix, p. 32a).

5. McDonough admitted (Defendants' Appendix, p. 153a) that if the industry had followed the teaching of 710, they would not have used thioglycolic acid.

6. By admission of McDonough the industry commenced to use the thioglycolic acid-ammonia composition of matter

as a cold wave as early as 1941, and further by his admission the industry could not have copied these cold waves from him (Defendants' Appendix, pp. 177a-178a). By admission of McDonough's employer Evans, Sales Affiliates (the Evans-McDonough company) did not market a thioglycolic acid-ammonia cold wave until December of 1943 or early 1944, some 2½ to 3 years after the same cold waves were put on the market by the rest of the industry (Defendants' Appendix, p. 148a).

**Petitioner's Statement of Facts (p. 9):**

> "By about April 1937, he successfully developed and used the chemical composition in use today, a water solution of T acid and ammonia at pH about 9 and a concentration of 5% (Appendix, pp. 29a-30a)."

Comment:

1. Prior to April, 1937, to wit, on January 27, 1936, McDonough's employer Evans suggested that McDonough try thioglycolic acid for a hairwaving solution (DX-23, Defendants' Appendix, p. 48a).

2. Although petitioner claims April, 1937 as the date of invention of 323, two Circuits have held that McDonough is entitled to a date of invention no earlier than the filing date of 710, namely, June 16, 1941 (*Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, D. C. N. Y. 1958; *Tidewater Patent Development Co.* v. *Gillette Co.*, 273 F. 2d 936, 4 Cir. 1959).

**Petitioner's Statement of Facts (p. 9):**

> "Accordingly, on June 16, 1941, McDonough filed his patent application (710 application) disclosing his inventions (Vol. I, p. 32a). In compliance with Patent Office requirements, he then filed a separate

application for the T acid-ammonia composition as a continuation in part (323 application) (Vol. I, p. 30a)."

Comment:

1. All that the patent Office required was an election of species. The choice was McDonough's, but he failed and refused to elect thioglycolic acid (Plaintiff's Appendix, pp. 88a, 89-3a).

2. The filing of a separate application for the thioglycolic acid species was not in "compliance with Patent Office requirements". By admission, McDonough could have retained the thioglycolic acid species in 710, but it was his choice that this species be filed in a separate application (Defendants' Appendix, p. 215a).

3. The Patent Office requirement for an election of species was made on October 21, 1941 (Plaintiff's Appendix, p. 88a), and McDonough could have filed his thioglycolic acid application (323) promptly thereafter (Defendants' Appendix 218a); instead, McDonough waited until August 13, 1949 before filing 323 (323 patent, Col. 1, Defendants' Appendix, p. 30a).

**Petitioner's Statement of Facts (p. 10):**

"Helene Curtis and Gillette immediately [upon issuance of 710 on December 4, 1951] sued Sales Affiliates in the Second Circuit to declare 710 invalid (Vol. I, p. 244a)."

Comment:

This is true but misleading. The real story is told in *Helene Curtis Industries* v. *Sales Affiliates*, 105 F. S. 886, 891 (D. C. N. Y. 1952) as follows:

> "On the date the [710] patent issued, a rash of law suits broke out. * * * Here in the Southern District Helene Curtis and Gillette each began their own actions * * * for declaratory judgments declaring the patent invalid and that they were non-infringers. * * * Later the same day [the day of issuance of 710] Sales Affiliates filed four infringement actions against seven defendants in the District Court for the District of Columbia * * *."

**Petitioner's Statement of Facts (p. 11):**

> "Meanwhile 323 was still pending in the Patent Office where patentability was being urged on several grounds in the alternative, including the basic ground of new composition of matter and new method."

Comment:

Two Circuits have now held that 323 patentability was urged, and the patent issued, on the ground of criticality alone and not as a new composition of matter. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 349 (D. C. N. Y. 1958); *Tidewater Patent Development Co.* v. *Kitchen,* 371 F. 2d 1004, 1012 (4 Cir. 1967)—the case at bar (p. 16a). As stated in this case:

> "This 'criticality' was exclusively and successfully urged upon the Patent Office as the inventiveness in 323. Moreover, it was the ground on which Tidewater won the interference proceeding in this Court * * *."

**Petitioner's Statement of Facts (p. 11):**

> "After the District Court in New York had held 710 invalid, Sales Affiliates divested itself of owner-

ship of the 323 application (which was still pending in the Patent Office) by transfer to petitioner, Tidewater, a Virginia corporation, whose stock was acquired by Kinney (Vol. I, pp. 246-248)."

Comment:

1. Petitioner omits mention of the fact that it was incorporated and financed by Sales Affiliates and that Sales Affiliates was its sole stockholder until the stock was sold to Kinney. The transfer of 323 from Sales Affiliates to petitioner was hardly a divestment of ownership. Two Circuits have now held petitioner to be the alter ego of Sales Affiliates. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 351; the decision of the Court of Appeals in the case at bar (pp. 18a, 19a).

2. Petitioner also fails to mention the fact that Kinney was no stranger either, since his stepdaughter was married to the son of Sales Affiliates' president Evans. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 351.

**Petitioner's Statement of Facts (p. 12):**

"• • • the District Court in New York warned that 'the validity of 323 is not to be determined as though this were a plenary proceeding' *Helene Curtis* v. *Sales Affiliates,* 161 F. Supp. 345, 347 • • •."

Comment:

Petitioner quotes out of context. What the Court really held was that petitioner's *adversaries* were limited in their presentation of evidence and issues; petitioner was not. See *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 at p. 347 where the Court held:

"The validity of 323 is not to be determined as though this were a plenary proceeding. The *plaintiffs* are limited to showing that 323 is invalid for 'substantially the same reasons' that 710 was invalidated * * *." (Emphasis supplied.)

**Petitioner's Statement of Facts (pp. 12-13):**

"* * * it [the District Court in *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345] refused to consider 323 as a discovery of a new composition of matter, refused to consider McDonough's 1937 invention date for the T acid-ammonia composition (*idem.* 161 F. Supp. 345, 349), refused to consider the prior art as of the 1937 invention date * * *."

Comment:

1. The District Court in *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 did not *refuse* to consider 323 as a new composition of matter; it *held* it was not a new composition of matter. Even the District Court in the present case held 323 to be a new use of a known composition of matter, and not a new composition of matter (p. 37a).

2. The District Court did not *refuse* to consider 1937 as McDonough's 323 invention date; it *held* that McDonough was not entitled to an invention date prior to the filing of 710, namely, June 16, 1941. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345, 350. The Fourth Circuit also limited McDonough's date of invention to June 16, 1941, the 710 filing date. *Tidewater Patent Development Co.* v. *Gillette Co.,* 273 F. 2d 936, 940.

**Petitioner's Statement of Facts (p. 16):**

> "As noted by Judge Soper, in the same opinion [in *Tidewater* v. *Gillette*, 273 F. 2d 936], the basis of McDonough's victory in the Patent Office, also was on the ground that pH was only an "agency" which had to be considered 'in relation to the required ingredients', id. 273 F. 2d 936, 941, in other words, a new composition of matter."

Comment:

*Tidewater* v. *Gillette* did not declare 323 to be the invention of "a new composition of matter". The Fourth Circuit Court of Appeals, having written the opinion in *Tidewater* v. *Gillette*, is best qualified to interpret its meaning, and, as held by the Court of Appeals in the present case (p. 16a):

> "This 'criticality' was exclusively and successfully urged upon the Patent Office as the inventiveness in 323. Moreover, it was the ground on which Tidewater won the interference proceeding in this court * * * ".

**Petitioner's Statement of Facts (p. 16):**

> "It [the case at bar] was petitioner's first and only day in court in determining the validity of 323 (Vol. I, p. 255a). It was the only *plenary* suit in which the validity of 323 was litigated."

Comment:

The Court of Appeals for the Second Circuit has held to the contrary (*Helene Curtis Industries* v. *Sales Affiliates*, 247 F. 2d 940, 946):

"• • • [T]he only missing badge of a plenary proceeding was the service of an original summons. • • • Indeed, it is difficult to imagine what more could possibly have been presented in a so-called 'plenary' proceeding."

**Petitioner's Statement of Facts (p. 17):**

"The Court of Appeals, Fourth Circuit, in reversing, stated, 'Invention, any way, is not proved, for the use of these materials in hair waving is not shown to be new • • • ' (Appendix, p. 3a). That the use of these materials in hair waving was, indeed, new was conceded on the record by Mr. Stoll, counsel for respondents • • •."

Comment:

Counsel for respondents *never* conceded that McDonough's use of thioglycolic acid and ammonia in hair waving "was indeed new". What was conceded (p. 17) was that respondents did not know of any art "prior to Grant and Martin" in which thioglycolic acid was used in a hair wave. The concession also expressly excluded Evans (p. 18) who proposed the use of thioglycolic acid for hair waves as early as January 27, 1936 (DX-23 Defendants' Appendix, p. 48a). Grant's date was January 2, 1941 (Defendants' Appendix, p. 124a) and Martin's date was March 13, 1941 (Defendants' Appendix, p. 121a). McDonough's date of invention, as held both in the Second and Fourth Circuits, was June 16, 1941 (*Helene Curtis Industries* v. *Sales Affiliates*, 161 F. S. 345, 350; *Tidewater Patent Development Co.* v. *Gillette Co.*, 273 F. 2d, 936, 940).

**Petitioner's Statement of Facts (p. 18):**

> "The Court of Appeals states that before the Special Master and in the District Court petitioner gave 'an assurance to the court and opposing counsel at trial' that it disclaimed criticality. Respondents never relied on any such assurance and before the Special Master and in the District Court, respondents urged, at great length, that the 710 and 323, patents lacked criticality. Respondents' point heading in their reply brief in the District Court read 'the 710 and 323 Patents Lack Criticality' and under that heading contended, for example (p. 136):
>
> > "'* * * much as plaintiff would like to leave the arena of criticality, and thereby choose its own field of battle, it may not do so because if the 323 patent lacks criticality, it is invalid, irrespective of how many other reasons plaintiff may suggest for holding the patent valid'."

Comment:

Petitioner succeeds in confirming the opinion of the Court of Appeals. If petitioner had introduced criticality evidence at the trial and had argued criticality, respondents would have had an opportunity to refute such presentation. Instead, petitioner left "the arena of criticality" to "choose its own field of battle". The quotation from respondents' brief (p. 19), "Is the 323 patent invalid on the ground of *criticality?*" obviously means, "Is the 323 patent invalid on the ground of *lack of criticality?*"

**Petitioner's Statement of Facts (p. 19):**

> "Petitioner did not reverse its position in the Court of Appeals."

Comment:

But petitioner did, in fact, reverse its position in the Court of Appeals. Petitioner did represent to the Court of Appeals that 323 is a criticality invention. This was a reversal of position.

In petitioner's Appeal Brief (p. 24) petitioner wrote:

> "Defendants contend • • • that the limits in the [323] claims are in fact *not critical* and therefore the claims are invalid. Defendants are wrong on all counts." (Emphasis supplied.)

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The 710 and 323 patents have effectively been used to terrorize the industry. In *Helene Curtis Industries* v. *Sales Affiliates,* 199 F. 2d 732, 733 (2 Cir. 1952) the Court found that "a major industry is left in turmoil".

In *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 945 (2 Cir. 1957), the same Court found that:

> "There has been a potential state of warfare in the industry since the late 1940's at least. • • • Thus *not only the present plaintiffs but also the entire industry are in sore need of injunctive* relief • • •." (Emphasis supplied.)

This Court should know the practical significance and consequence of the present proceeding and of an outcome favorable to the petitioner. The claimed date of invention of both 710 and 323 is April, 1937. The 710 expiration date is December 4, 1968. The 323 expiration date is February 28, 1973. The Court of Appeals held that 323 is invalid over 710 on the ground of double

patenting and we quote the following significant passage from its opinion (p. 14a):

> "The injury resulting is at once evident. Apart from subjecting the appellant-defendants to the damages ordered assessed, such repetitive patenting would extend the effectiveness of 710 from its expiry in December 1968 to 323's terminal date of February 1973. At the same time it would expose the public to double threat and hazard."

If petitioner should prevail on this issue, petitioner would have a patent monopoly extending to February 28, 1973 on a claimed date of invention of April, 1937, a span of 36 years. This is more than twice the statutory lifetime of a patent!

Running through the Petition for Certiorari is the recurrent theme that petitioner has been deprived of due process of law. Typical is the following representation (pp. 26-27):

> "Petitioner's briefs were read by eyes that were blind; its arguments were heard by ears that were deaf. If the Court of Appeals had expressly refused to permit petitioner to submit a brief and expressly refused petitioner a day in court for oral argument, could the damage have been greater or the violation of due process less?"

This has been petitioner's plaint at each unsuccessful stage of its 710 and 323 litigation. By way of illustration, the Petition for Certiorari in *Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148, cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260, contained the following question:

> "1. Is petitioner denied due process of law in violation of the Fifth Amendment to the U. S. Constitution by being deprived of oral summation before a Special Master, in a case involving a six months' trial, over 6000 pages of testimony and several thousand pages of exhibits raising complex and complicated issues of law and fact when such issues were still judicially unfettered by the operation of Rule 53(e) (2) of the Federal Rules of Civil Procedure?"

In *Helene Curtis Industries* v. *Sales Affiliates*, 247 F. 2d 940, the 323 proceeding was characterized as a deprivation of property without due process of law. As stated, for example, in defendant's motion to dismiss the 323 proceeding (Plaintiff's Appendix, p. 57), defendant alleged that:

> "10. Said motions are invalid in that the relief sought if granted would deprive the alleged contemnors of their property without due process of law as provided for in the Fifth Amendment of the Constitution of the United States.
>
> "11. Said motions are invalid in that the relief sought if granted would deprive the alleged contemnors of their liberty without due process of law as provided in the Fifth Amendment of the Constitution of the United States."

The Second Circuit Court of Appeals disagreed and held that the parties had their full day in court on the 323 issues in suit (247 F. 2d at page 944):

> "Every procedural and substantive safeguard was afforded the parties, the issues were fully stated

and framed, and there was as full a trial of the issues as both parties desired."

In the present case, in the Petition for Rehearing in the Court of Appeals (p. 3), petitioner wrote as follows:

> "This Court erred in holding that, 'Attorney fees in a reasonable amount should be awarded to the appellants as the prevailing parties' (Op. 17) in that such holding deprives Tidewater of its property without having been afforded an opportunity to be heard or otherwise present evidence in its behalf, all in violation of the rights guaranteed to Tidewater by the Due Process Clause of the Fifth Amendment of the Constitution of the United States, for the following reasons:
>
> * * *
>
> "(f) Tidewater has not been afforded an opportunity to be heard, contrary to the rights guaranteed it by the Due Process Clause of the Fifth Amendment to the United States Constitution on the issue of its alleged awareness 'of the obvious invalidity of' the 323 patent (Op. 17-18) * * *".

The 323 patent in suit has been held invalid by two Circuits and has been held valid by none. Petitioner is dissatisfied with these decisions, but it cites no valid reason for the intervention of this Court. The factual bases of the Questions presented to this Court for Certiorari are without foundation in the record and consequently they are virtually irrelevant to the issues in the case. This will be more clearly brought out in the following summary of argument and detailed discussion of the individual Questions presented.

## Summary of Argument

### Re: First Question

Petitioner accuses the Court of Appeals of abrogation of the "clearly erroneous rule" by erroneously rejecting the District Court's finding "that the 323 invention was discovery of a *new composition* of matter". Petitioner errs since the District Court never made such finding. What it did find (p. 37a) was that 323 was the discovery of a *new use* (permanent hair waving) for a *known composition* of matter ("a composition of thioglycolic acid and ammonia * * * at certain concentration and pH").

But even if the District Court correctly, and the Court of Appeals incorrectly, construed the 323 invention, there would still be nothing for the Supreme Court to review.

### Re: Second Question

Petitioner accuses the Court of Appeals of depriving petitioner "of the elementary right of a day in court" by erroneously finding "that Tidewater changed its position on appeal". Petitioner did, however, change its position on appeal—from *disavowal* of criticality in the District Court to *reliance* on criticality in the Court of Appeals.

But even if the Court of Appeals "misapprehended the plain statement of Tidewater's position on appeal", this would nevertheless not be a matter for review by the Supreme Court.

### Re: Third Question

Petitioner charges the Court of Appeals with "incapacitating confusion" by reason of its "blind adoption of the

decisions of the Second Circuit". Petitioner errs. The Court of Appeals made its own independent determination of the issues in the present case, thereby concurring in a prior determination by the Second Circuit of the same issues in another case.

Suppose the Court of Appeals did in fact adopt the decisions of the Second Circuit, would this constitute a grievance warranting the attention of the Supreme Court? Concurrence between circuits has never been a ground for review by the Supreme Court.

**Re: Fourth Question**

Petitioner charges the Court of Appeals with finding file wrapper estoppel where none exists. Petitioner is again wrong. There is file wrapper estoppel in the file of the 323 patent (reliance on criticality as the exclusive ground of patentability over the prior art and priority over a prior applicant) as two Circuits have now found.

But even if this finding of estoppel were erroneous, what basis would there be for intervention by the Supreme Court?

**Re: Fifth Question**

Petitioner challenges the Court of Appeals determination that 323 ("for the discovery of a new composition of matter") is invalid over 710 ("for the discovery [of] special laws and criteria") on the ground of double patenting. This is a non-existent distinction, since the 323 composition of matter is disclosed and claimed in 710, and the 710 "special laws and criteria" (pH and concentration limitations) are disclosed and claimed in 323. Two Circuits

have now found 323 invalid on this ground of double patenting.

But even if this determination of double patenting were erroneous, it would hardly be a matter for review by the Supreme Court.

**Re: Sixth Question**

Petitioner concedes that 710 is invalid and questions whether 323 can "be held void as a double patent of 710". However, invalidity of 710 would not free 323 from the principal vice of double patenting—extension of the patent monopoly (in this case four years) beyond the statutory patent term. Moreover, petitioner's concession of invalidity was never previously made, and this argument against double patenting was never presented to the Court of Appeals.

What therefore, is there for the Supreme Court to review?

**Re: Seventh Question**

Petitioner accuses the Court of Appeals of "Complete Abdication of Judicial Function" by holding that the invalidity of 323 had been "*conclusively* demonstrated by the Federal Courts in New York". Petitioner erroneously construes this to be a holding of *res judicata* or collateral estoppel, declaring the New York decisions to be legally binding upon the parties herein. But the Court of Appeals expressly rejected this view (p. 4a):

> "We are urged to dispose of this case upon a plea of res judicata or judgment by estoppel—that the New York decisions are conclusive here. * * * As we find the patent invalid in itself, we have no occasion to rule on the effect here of the New York decisions."

This is the Court of Appeals' own answer to petitioner's accusation of abdication of the judicial function, and it leaves nothing for review by the Supreme Court.

**Re: Eighth Question**

Petitioner objects to the Court of Appeals' award of attorney fees to respondents, contending (p. 42) that "this was not an exceptional case justifying such an award". In making this award, the Court of Appeals held (p. 18a) that:

> "The exceptional circumstances dictating this allowance are the fact that when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here."

This determination was confirmed on rehearing by all seven judges of the Court of Appeals (p. 1a) as follows (p. 19a):

> "'This allowance, we said, was based on the finding that the relitigation of patent 323 was, in the circumstances, an abuse of that right. We thought it vexatious. We still think so. If Tidewater wants to litigate and relitigate it alone should pay the cost when it does not prevail."

Surely, this evaluation of petitioner's conduct is not a matter for Supreme Court review.

## ARGUMENT

### First Question Presented

**("Departure from accepted course of judicial proceedings: abrogating the 'clearly erroneous rule'.")**

a. "When the District Court finding that the 323 invention was discovery of a new composition of matter and a new use of that composition

b. "is supported by the plain meaning of the patent language in the disclosure and claims, the inventor's definition of terms and the record as a whole,

c. "has the Court of Appeals radically departed from the usual course of judicial proceedings when it abrogates the requirements of Rule 52(a) of the Federal Rules of Civil Procedure

d. "by holding, as a matter of law, that such was not the invention

e. "on the basis of two short, quoted colloquies between court and counsel in the heat of trial, outside of and contrary to the context of the record, contrary to the unambiguous meaning of the words of the colloquy and under a complete misapprehension of the most elementary principles of patent law?"

### Answer to First Question

a. The District Court *did not find* that McDonough's 323 invention was the discovery of "a new composition of matter and a new use of that composition".

It is stated in the Petition (p. 23) that:

> "The Court of Appeals disregarded the substantial oral and documentary evidence cited and relied

upon by the Special Master and the District Court in their respective opinions holding that 323 was valid as a *new composition of matter.*" (Emphasis supplied.)

But neither the Special Master nor the District Judge made any such finding. What they did find was that 323 was a *new use of an old composition* (37a):

> "The Court feels that the Master was justified in finding that McDonough was first to discover and teach that a composition of thioglycolic acid and ammonia was effective at certain concentration and pH in imparting an effective cold permanent wave to human hair." *

b. The District Court *could not find* that McDonough's 323 invention was the discovery of "a new composition of matter and a new use of that composition".

It is stated in the Petition (p. 23) that:

> "The entire opinion of the Court of Appeals rests on one single premise, that documentary evidence establishes as a matter of law that:

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* There is one other finding by the District Court on this subject (29a):

> "The 323 invention may be held patentable on any one of a number of statutory categories:
>
> "(1) * * *
>
> (2) new use of a known composition of matter
>
> (3) new composition of matter
>
> (4) * * *."

But which category? Categories (2) and (3) are mutually exclusive since a composition of matter cannot at the same time be both "known" and "new".

> "'. . . invention [in 323] is virtually disavowed. . . . Invention, anyway, is not proved, for the use of these materials [T-acid-ammonia composition] in hair waving is not shown to be new. . . .' (Appendix, p. 3a).
>
> "On the contrary, the record is plain that it was conceded by respondents in open court that 'there was no prior art in which thioglycollic acid was used in a hair wave'."

Petitioner quotes respondents out of context. What respondents (actually counsel for respondents) really said (Petition, p. 17) was that

> "*Prior to Grant and Martin* • • • there was no prior art in which thioglycollic acid was used in a hair wave." (Emphasis supplied.)

Grant was prior to McDonough. Although McDonough claims April 1937 as his date of invention of 323, the Court of Appeals (in *Tidewater Patent Development Co.* v. *Gillette,* 273 F. 2d 936, 940, 4 Cir. 1959) held that McDonough's effective date of invention was June 16, 1941.

But Grant taught the use of the same thioglycolic acid-ammonia composition for hair waving as early as January 2, 1941 when he filed his patent application DX-6.

The Grant patent application was subsequently rejected by the Patent Office and then abandoned on appeal. The District Court held (32a) that "hence that application could be used neither as prior art nor proof of prior invention". The District Court erred: *Hazeltine Research* v. *Brenner,* 382 U. S. 252, 86 S. Ct. 335 (1965); *Alexander Milburn Co.* v. *Davis-Bournonville Co.,* 270 U. S. 390, 46 S. Ct. 324 (1926).

But even if we should accept McDonough's claim of April 1937 as the date of his invention, the evidence shows that more than one year earlier—on January 27, 1936—McDonough's own employer Evans suggested that McDonough make use of thioglycolic acid in hair waving (DX-23).

Moreover, McDonough's thioglycolic acid-ammonia composition (concentration "less than 15%"; "desired pH range of 7.0 to 10.0"—323 patent, col. 3) was fully disclosed by Leavell and Ellis (concentration 8.3%; pH 9.61) for a non-analogous use as early as January 15, 1934 (323 patent, col. 9).

It conclusively follows that the Court of Appeals was fully justified in refusing to find that 323 was the discovery of "a new composition of matter and a new use of that composition".

c. The colloquies on which the Court of Appeals relied were fully in accord with the context of the record.

It is stated in the Petition (pp. 23-24) that:

> "The first colloquy (between the District Court and petitioner's counsel, *in the heat of trial, taken out of context*) is quoted by the Court of Appeals as establishing that invention was disavowed or not proved, as a matter of law:
>
> "'The Court: It [thioglycolic acid] had been known for nearly seventy years. All right, now, *the mere fact of suggesting that thioglycolic acid will help in a permanent wave is not a patentable idea in itself,* is it, any more than suggesting that salt, which is a known chemical, might be used for a dozen uses? That is true, isn't it?

" 'Mr. Finnegan: *I think that is right, sir.*

" 'The Court: Now, don't we come down and *don't we narrow the issue down to the proposition of using a certain solution within the limitations and purposes,* that is the real test?

" 'Mr. Finnegan: *That is right, and that is what this patent is about.* I would say this, that the invention concept has to start somewhere and the idea of using T-acid gives it the origin and it is the working together, working out of the combination that results in the invention that is claimed, working out these other limits." (Emphasis supplied.)

Not only was this colloquy in accord with the context of the record, but it was a virtually verbatim quotation taken from the patentee's own testimony (Tr. 999):

"The Court: * * * if I understand you correctly, you are saying that *the heart of your invention or your claim is the limitations in which this ingredient* [thioglycolic acid] *is used along with other ingredients* [ammonia and water], *and the testimony, for example, of the last two days has been related to these limitations.*

The Witness [Dr. McDonough]: *Yes, sir, that is what 323 is.*"

(Tr. 1000):

"The Court: All right. But now do you go back and pick up in addition to this field— or this sphere of limitations set forth in your claims, the fact that you originated the idea of thioglycolic acid, or was that something known to this trade beforehand, and that you—and that your claim comes from putting it together in the working manner?

> The Witness: Even if someone else had even suggested thioglycolic acid, sir—even if someone had suggested thioglycolic acid, I say that I still had an invention in 323, but as far as I am concerned I suggested thioglycolic acid for permanent waving of hair. But if they had—even if Doctor Evans had suggested that to me, he did not get to the heart of the teaching, because *the mere fact of the suggestion of the thing isn't the teaching that is required* in order to tell you what to do with it under all conditions of hair, under all conditions of permanent waving systems, and this is what I did here. * * * " (Emphasis supplied.)

It is clearly and conclusively evident, from McDonough's own testimony and from the admissions of plaintiff's attorney, that the 323 invention resides in the *limitations* or *proportions* of the ingredients of the thioglycolic acid—ammonia composition.

d. The Court of Appeals correctly held that petitioner virtually disavowed invention in 323.*

Petitioner (p. 23) takes issue with the finding of the Court of Appeals that invention in 323 "is virtually disavowed". But this finding is fully supported by the record.

As petitioner's patentee McDonough testified and as petitioner's attorney Finnegan conceded (this brief, pp. 22-24), the heart of the 323 invention resides in the "limitations" (proportions or percentages) in which thioglycolic acid is combined with ammonia and water. This is clearly summarized in the following colloquy between

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* This subject is also discussed in the Answer to the Second Question, Section "b" and in the Answer to the Third Question, Section "b".

Court and counsel as quoted in the opinion of the Court of Appeals (16a):

> "The Court: So what it all adds up to is that with the three things that you put together to make the permanent wave solution—thioglycolic acid, ammonia and water—that it is the percentage, the quantitative grouping of these three that makes the patent.
>
> "Mr. Finnegan: That is right. The combination of certain percentages, certain pH gives the unique material."

But these limitations or percentages were admittedly determined by trial and error. As McDonough's employer Evans testified (Appendix to Appellant's Brief, p. 196a), McDonough determined "by trial and error the range of his right pH" and "which concentration would work the best".

Moreover, these limitations or percentages are admittedly not critical, are admittedly "intermediate, practical values". As stated by petitioner and quoted by the Court of Appeals (17a):

> "Plaintiff does not claim criticality in the technical patent sense for these intermediate, *practical* values." (Accent in original.)

These admissions (that the 323 invention resides in non-critical, intermediate, practical limitations determined by trial and error) amount to a virtual disavowal of invention.

> *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.*, 324 U. S. 320, 329, 65 S. Ct. 647 (1945);
> *Kwik Set* v. *Welch Grape Juice Co.*, 86 F. 2d 945, 947 (2 Cir. 1936);

*Libbey-Owens-Ford Glass Co.* v. *Celanese Corporation,* 135 F. 2d 138, 145 (6 Cir.), cert. den. 320 U. S. 744, 64 S. Ct. 46;
*Potts* v. *Coe,* 145 F. 2d 27 (D. C. Cir.);
*Helene Curtis* v. *Sales Affiliates,* 233 F. 2d 148, 154 (2 Cir. 1956) cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260;
*Helene Curtis* v. *Sales Affiliates,* 161 F. S. 345, 349 (D. C. N. Y. 1958), appeal dismissed.

This is not the first time petitioner has sought certiorari on its interpretation of the rule of criticality. In *Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148 (2 Cir. 1956), cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260 (Petition for Certiorari, pp. 31-38), petitioner challenged the validity of the criticality rule set forth in *Kwik Set* v. *Welch Grape Juice Co.,* 86 F. 2d 945, 947 (2 Cir. 1936) and followed in the *Helene Curtis* case. This Court denied certiorari.

**Second Question Presented**

**("Departure from accepted course of judicial proceedings: disregarding petitioner's briefs and arguments.")**

a. "Has the Court of Appeals so utterly misapprehended the plain statement of Tidewater's position on appeal (the 323 invention is the discovery of a new composition of matter and a new use of that composition)

b. "that it has effectively deprived Petitioner of the elementary right of a day in court on an appeal

c. "by crucial determinations of fact and law, made on the erroneous premise that Tidewater changed its position on appeal?"

## Answer to Second Question

a. The Court of Appeals did not misapprehend petitioner's position on appeal.

It is stated in the petition (p. 26) that:

> "The Court of Appeals held that petitioner's position on *appeal* was that the 323 invention was a criticality invention and not a new composition of matter. This utter misapprehension and misstatement of petitioner's actual position on the appeal is inexplicable on any ground other than prejudicial refusal to consider petitioner's rights on the merits." (Petitioner's emphasis.)

The Court of Appeals did not misapprehend or misstate petitioner's position on appeal. Petitioner did in fact, *on the appeal,* claim criticality for its 323 composition of matter. This is shown, for example, in Plaintiff-Appellee's Brief (p. 24) where petitioner stated its position on criticality as follows:

> "*Defendants contend* (D. Br. 20-24) that the 323 claims in suit were granted in the Patent Office only because plaintiff asserted that the claims specify critical limits; that this representation or position was abandoned in the District Court; and *that the limits in the claims are in fact not critical* and therefore the claims are invalid. *Defendants are wrong* on all counts." (Emphasis supplied.)

Is this not the clearest indication that petitioner's position on appeal was that the limits in the 323 claims are in fact critical?

In the same appeal brief (p. 28) petitioner cited the testimony of its expert witness as

> "evidence supporting the District Judge's finding that 'the 323 invention may * * * be based on the ground of "criticality" alone.' "

Again in the same appeal brief (p. 28) petitioner summarized its criticality position on appeal by asserting that:

> "Thus, whether the claims be considered as falling within 'critical' limits in the sense of *Kwik Set* v. *Welch* * * * or whether they recite new methods and new compositions * * * the claims are patentable."

In Plaintiff-Appellee's Rebuttal Brief (pp. 40, 41) petitioner confirmed this position on appeal as follows:

> "Thus, defendants' experts have themselves established the 323 patent as a criticality invention under the controlling principles of law.
>
> * * *
>
> "Thus, even as a 'criticality' invention, the 323 patent is valid * * *."

b. The Court of Appeals correctly held that petitioner's reliance on "criticality" on the appeal was a reversal of its position in the District Court.*

It is asserted in the Second Question Presented (p. 3) that the Court of Appeals made

> "crucial determinations of fact and law * * * on the erroneous premise that Tidewater changed its position on appeal".

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* This subject is also discussed in the Answer to the First Question, Section "d" and in the Answer to the Third Question, Section "b".

But Tidewater did change its position on appeal and the Court of Appeals did not err in its finding, confirmed on rehearing (19a) that

> "in the District Court Tidewater did disavow criticality as an invention of 323 but claimed it on appeal."

In support of its finding that petitioner disavowed criticality in the District Court, the Court of Appeals quoted from petitioner's District Court brief before the Master as follows (16a):

> "Since 323 is not a criticality invention, the 710 discussion of 'disclosure' of criticality is irrelevant."
>
> • • •
>
> "323 *does not posit invention on criticality.*" (Accent in original.)

The Court of Appeals also quoted petitioner's answer to the following question posed by respondents in their Memorandum in Lieu of Further Oral Argument on the Objections to the Master's Report:

> "QUESTION 5: Is it not true * * * that by admission of plaintiff's own witnesses there is no criticality in the following pH and concentration values recited in the 323 claims: pH values of 'about 9.2' and 'not higher than 9.5'; concentration values of 'about 2%', 'about 6%' and 'about 10%'?"

Petitioner's response to this question, as quoted by the Court of Appeals (17a) was that

> "Plaintiff does not claim criticality in the technical patent sense for these intermediate, *practical* values." (Accent in original.)

The significant aspect of the foregoing question and answer is that, with one exception (pH 7), they cover every pH and concentration value in the six claims in suit. Thus:

| *Claims* | *pH* | *Concentration* |
|---|---|---|
| 1 | "about 9.2" | "about 2% to 10%" |
| 13 | "about 9.2" | "about 2% to about 6%" |
| 14 | "about 9.2" | "about 2% to about 10%" |
| 17 | "about 9.2 to not higher than 9.5" | "about 2% to about 6%" |
| 18 | "between 7 and 9.5" | "about 2% to about 10%" |
| 22 | "about 9.2" | "about 2% to 10%" |

It thus appears from the answer to Question 5 (as quoted by the Court of Appeals) that in the District Court petitioner expressly disavowed criticality for every pH and concentration value in the 323 claims in suit, with the single exception of pH 7 in claim 18.

But even pH 7 admittedly lacks criticality. This appears from Plaintiff's Comments on Defendant Reply Brief (p. 42):

> "Defendants assert that pH 7 is not critical because satisfactory waving is possible below pH 7.
>
> "[Petitioner's] Comment: [Petitioner's witness] showed that there is no marked effect or change in phenomena below pH 7 • • •."

If there still remains any lingering doubt as to petitioner's position on criticality in the District Court, the following comment in Plaintiff's Comments on Defendants' Reply Brief (pp. 41-42) should dispel any such doubt:

"Defendants' quotation is said to support the assertion that 'plaintiff's position at the trial was predicated on criticality'.

"[Petitioner's] Comment: *This untenable position has already been fully covered* * * *. Criticality is only the last string to plaintiff's bow herein." (Emphasis supplied.)

It follows conclusively from the foregoing, that the Court of Appeals was fully justified in finding that petitioner did in fact disavow criticality in the District Court, and did in fact change its position on appeal.

## Third Question Presented

**("Departure from accepted course of judicial proceedings: incapacitating confusion.")**

a. "Do the opinions of the Court of Appeals, originally and on petition for rehearing, manifest blind adoption of the decisions of the Second Circuit

b. "(in which petitioner was neither a party nor privy to a party therein)

c. "without regard to the wholly different record in the case at bar,

d. "lack of knowledge of the record below,

e. "and such basic misunderstanding of facts and principles of law applicable thereto,

f. "that any decision so grossly infected must inherently be so great a departure from the accepted and usual course of judicial proceedings as to call for an exercise of this court's power of supervision?"

## Answer to Third Question

a. The opinions of the Court of Appeals in the case at bar do not "manifest blind adoption of the decisions of the Second Circuit".

Petitioner's discussion of the Third Question (pp. 27-32) contains not a single word of reference to, or support of, the suggestion (p. 3) that:

> "• • • the opinions of the Court of Appeals, originally and on petition for rehearing, manifest blind adoption of the decisions of the Second Circuit • • • without regard to the wholly different record in the case at bar • • •."

The independence and integrity of the United States Court of Appeals for the Fourth Circuit (three judges on the original hearing, p. 2a, all seven on the rehearing, p. 1a) are beyond the reach of petitioner's accusations and need no defense by respondents.

Nevertheless, we would be remiss in our plain duty to present a full and complete response to the Petition for Certiorari if we should fail to point out:

1. That the Court's detailed, technical discussion of double patenting (pp. 6a-14a) has no parallel in the New York decisions and includes a penetrating claim analysis which is unprecedented in its manifestation of profound knowledge of organic chemistry; and

2. That the Court's discussion of invention and criticality (pp. 14a-17a) is based entirely on admissions and representations made by petitioner and counsel for petitioner in the case at bar, and this alone would utterly preclude reliance on the decisions of another circuit in another case.

b. Petitioner's charge of "Incapacitating Confusion" on the part of the Court of Appeals is without foundation in the record.

Petitioner represents to this Court (p. 27) that:

> "The opinion of the Court of Appeals manifests such lack of minimal understanding that the decision, the product of complete confusion, is necessarily a complete denial of due process to petitioner. In effect, petitioner has had no day in court."

First Example

Let us now examine the specific grounds which petitioner advances in support of its charge of "incapacitating confusion". One example (p. 27)

> "* * * is the utter misapprehension of the Court of Appeals of the significance of ammonia when it states that: '[A]mmonia in solution is a common base.' Ammonia itself is certainly a common chemical, but McDonough was the first to put the entire composition together; * * * it was not obvious to a person of ordinary skill in the art at the date of the invention to put together a water solution of T-acid and ammonia for hair waving."

Petitioner's truncated quotation from the decision of the Court of Appeals does the Court an injustice. What the Court really said (p. 15a) was:

> "The ammonium hydroxide, ammonia gas dissolved in water, is primarily employed in the [323] waving process to adjust the pH of the T-acid. It is utilized to control the pH of the solution by achieving the proper degree of alkalinity. *Ammonia in*

> *solution is a common base and its instant use was described in the Maeder British patent,* No. 435,213, of September 17, 1935. This was the observation of the Patent Office Examiner in his report on 323, mailed to counsel April 18, 1950." (Emphasis supplied.)

Three months prior to McDonough's effective invention date *(June 16, 1941)** Martin (DX-4, Defendant's Appendix, p. 121a) taught the combination of thioglycolic acid and ammonia for hair waving. This was admitted by petitioner's expert Patrick (Defendant's Appendix, p. 182a) who testified as follows:

> "A. [Petitioner's witness Patrick] Does he [Martin] state that the composition is *thioglycolic acid and ammonia?* Oh, yes." (Emphasis supplied.)

The fact is that on *March 10, 1941* Martin actually demonstrated his thioglycolic acid-ammonia cold wave to McDonough's employer Evans who thereupon recorded the fact in a memorandum (DX-3; Defendants' Appendix, p. 45a):

> "Mr. Martin used what our noses tell us was a solution of *ammonium thioglycolate* [thioglycolic acid-ammonia]." (Emphasis supplied.)

---

* This effective date of invention was established in the Second Circuit in the *Helene Curtis Industries* v. *Sales Affiliates* litigation (233 F. 2d 148 and 161 F. S. 345) and in the Fourth Circuit in *Tidewater Patent Development Co.* v. *Gillette Company,* 273 F. 2d 936, 940. It is true that McDonough was awarded priority over Martin in the latter case, but this was because Martin evidenced "little conception of the importance of the pH rating at the time of his application for the patent."

Second Example

Another example of the "incapacitating confusion" of the Court of Appeals is recited as follows (p. 28):

> "Still a further instance of the confusion of the Court of Appeals is its declaration that in the District Court petitioner had 'disavowed' criticality* (Appendix, pp. 16a-17a). The very sentence quoted by the Court of Appeals from petitioner's brief in the District Court (Appendix, p. 17a) reads that 'criticality . . . [is] irrelevant . . . *except* as a *fifth string* to its bow.' Criticality was not 'disavowed' in the District Court; it was relegated to a 'fifth string' position."

The Court of Appeals was absolutely right in holding in its original opinion (p. 16a) that:

> "• • • in the District Court, *Tidewater disavowed criticality* as the invention of 323" (the Court's emphasis)

and then confirming that view on rehearing (p. 19a) by asserting that:

> "• • • despite the protest of the petition [for rehearing] we adhere to our view that in the District Court Tidewater did disavow criticality as an invention of 323 but claimed it on appeal."

---

* Petitioner also raises this issue of disavowal of criticality in connection with the First and Second Questions, and the Court is respectfully referred to our discussion thereof in the Answer to the First Question, Section "d" and in the Answer to the Second Question, Section "b".

The proof is in petitioner's own Rebuttal Brief before the Court of Appeals where it stated its position (p. 38) as follows:

> "Plaintiff argued 323 below both ways: that 323 *was* a criticality invention and that 323 was *not* a criticality invention and asserted patentability in *either* event." (Petitioner's emphasis.)

But petitioner cannot assert these two inconsistent positions any more than it can at one and the same time assert that 323 possesses novelty and lacks novelty, possesses utility and lacks utility.

To be valid, 323 must possess criticality, and petitioner's admission that it does not is a concession of invalidity. Petitioner cannot in the same breath claim criticality—even as a "fifth string to its bow"—and thereby retrieve validity. *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.*, 324 U. S. 320, 329, 65 S. Ct. 647, 651 (1945).

Further proof that the Court of Appeals was right in holding that petitioner disavowed criticality may be found in the Fourth Question presented in the instant Petition for Certiorari (p. 32) where even now petitioner seeks to disavow the criticality on which the Patent Office issued 323. Petitioner's position is that it is not estopped from making this disavowal.

### Third Example

As a third example of the "incapacitating confusion" of the Court of Appeals (pp. 29-30) petitioner claims that:

> "The Court of Appeals erroneously held, as a matter of law, on the basis of no evidence, that '*this* . . . criticality was exclusively and successfully urged

> upon the patent office as the inventiveness in 323' (Appendix, p. 16a) and '[*this* criticality] was the ground on which Tidewater won *the interference proceeding in this Court* according to Judge Soper's opinion in *Tidewater* v. *Gillette* . . . 273 F. 2d 936, 940. There the Judge noted that 'the pH rating . . . is confessedly the heart of the patent!' (accent added). Nothing in the record supports that interpretation and the facts are to the contrary."

Two Circuits have now held that criticality was the ground on which McDonough sought, and the Patent Office granted, the 323 patent.* Petitioner's argument to the contrary is utterly without foundation, either in fact or in law.

Petitioner also disputes this Court's interpretation of *Tidewater* v. *Gillette*, but should it not be assumed that the Court of Appeals is qualified to interpret its own decisions?

## Fourth Question Presented
### ("Invention Estoppel")

a. "If the claims of a patent objectively satisfy the requirements of the Patent Act for patentability,

b. "that is, if the invention is in fact novel, useful and not obvious from the prior art and is, indeed, truly an invention,

c. "but the Patent Office or another Court subjectively asserted an erroneous or unpatentable theory of invention,

---

* The Court is respectfully referred to the discussion of this subject in the Answer to the Fourth Question, Section "b".

d. "is the patentee thereafter estopped in subsequent validity litigation from asserting the true invention which the patent actually discloses and actually claims

e. "and which the District Court held to be the invention

f. "and which is validly patentable?"

**Answer to Fourth Question**

a. The 323 invention is neither novel nor patentable over the prior art.

Petitioner asserts (p. 33) that

> "The invention is in fact novel, useful and not obvious from the prior art."

Petitioner errs. Two circuits have held *June 16, 1941* to be the effective date of invention of both 710 and 323. *Tidewater Patent Development Co.* v. *Gillette Company,* 273 F. 2d 936, 940 (4 Cir. 1960); *Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148, 155 (2 Cir. 1956); *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 (D. C. N. Y. 1958).

Half a year prior to the 710 and 323 invention date of *June 16, 1941,* to wit on *January 2, 1941,* Grant filed a patent application (DX-6; Defendants' Appendix, p. 124a) which taught the entire invention of 710 and 323 and far more. It was Grant—not McDonough—who on *January 2, 1941* taught and recommended thioglycolic acid for permanent waving. It was McDonough—not Grant—who, half a year later, on *June 16, 1941,* characterized thioglycolic acid as the "least effective" mercaptan (710 patent, col.

5, ll. 35-38; Defendants' Appendix p. 33a) and on April *21, 1942* refused to elect it for claiming in 710, and then delayed until *August 13, 1949* to claim it in 323.

*Regarding pH* we have the admission of petitioner's expert witness Patrick (Defendants' Appendix, p. 181a) that:

> "• • • Mr. Grant is quite correct here when he said we must regulate the hydrogen ion concentration to condition the hair in the well-known manner. That is equivalent to what I have been saying that there is a certain optimum hydrogen ion concentration in order to condition the hair; and secondly, the regulation of the pH is to control the hydrogen ion concentration of the solution."

*Regarding concentration,* we have McDonough's own admission of substantial identity (Defendants' Appendix, p. 180a):

> "Q. [Respondents' attorney Stoll] • • • Doesn't the concentration in your [thioglycolic acid] example correspond substantially to the concentration of thioglycolic acid in the Grant example on page 15? A. [Petitioner's patentee McDonough] • • • I would think that it is substantially, that it is substantially so, yes, sir."

The District Court did not question these disclosures of Grant, but it excluded them as prior art or skill of the art solely on the ground of "abandonment" (p. 32a):

> "Samuel Grant's application while filed January 2, 1941, was abandoned in 1947; hence, that application could be used neither as prior art nor proof of prior invention."

The District Court erred: *Hazeltine Research* v. *Brenner*, 382 U. S. 252, 86 S. Ct. 335 (1965); *Alexander Milburn Co.* v. *Davis-Bournonville Co.*, 270 U. S. 390, 46 S. Ct. 324 (1926).

Grant is but a small part of the prior and contemporaneous art which alone anticipated 323 and showed it to be entirely obvious and fully within the skill of the art. Except for a brief reference to the British Maeder patent (p. 15a) the Court of Appeals in the present case did not deem it necessary to discuss or rely upon the prior or contemporaneous art in support of its decision.

Substantially the same art was presented to the New York Courts in *Helene Curtis Industries* v. *Sales Affiliates* (233 F. 2d 148 and 161 F. S. 345) and reference may be made to these decisions for a discussion of the applicability of the art to 710 and 323 alike. As held by the Court of Appeals in the case at bar (p. 18a) the invalidity of these patents was "conclusively demonstrated by the Federal courts in New York".

b. It was not the Patent Office, but rather the patenteee, who asserted an unpatentable invention for 323.

Petitioner's position is that (p. 3):

> "* * * if the invention [of 323] is in fact novel, useful and not obvious from the prior art * * *, but the Patent Office or another Court subjectively asserted an erroneous or unpatentable theory of invention, is the patentee thereafter estopped in subsequent validity litigation from asserting the true invention * * *?"

(p. 32):

> "Since the invention is a new composition of matter and new use of that composition, is it any the less a new composition if the Patent Office errone-

> ously understood that novelty of the whole was imparted by the novelty of one particular element of the composition, pH * * * ?"

Black is white and white is black. The 323 invention is *not* a new composition of matter, it is *not* novel, and it *is* obvious from the prior and contemporaneous art in the record. It was not the Patent Office (or "another court") but the patentee McDonough himself, who, for the purpose of effecting issuance of the 323 patent "asserted an erroneous or unpatentable theory of invention", and it is therefore the patentee McDonough who is now estopped from asserting a new and different theory of invention for the purpose of litigation.

Judge Rifkind (the Special Master in the *Helene Curtis Industries* v. *Sales Affiliates,* 710 and 323 cases) dealt with this estoppel issue (and his views were adopted by the District Court at 161 F. S. 345) as follows (DX-44 in the case at bar, Defendants' Appendix, pp. 66a-70a):

> "Thus, the defendant now insists that in 323 the issue of patentable invention does not depend on the criticality of pH, mercaptan concentration, base or molecular weight as was the case in 710. Instead, it is said that the claims are simply directed to new and useful compositions of matter for permanent waving which are patentable regardless of 'criticality' * * *.
>
> * * *
>
> "* * * Nevertheless, that is not the basis upon which the patent issued. For, before the Patent Office, the defendant had an entirely different conception of invention for 323. * * * Sales Affiliates stated its position as to patentability of 323 as follows:
>
> "'Our basic position here is that the invention of the present case constituted the discovery of

four things which, combined together, give a waving solution which is better than anything in the prior art as a matter of kind rather than of degree. * * *

" '(1) a highly critical and restrictive pH range;

(2) a critical and relatively very low mercaptan concentration range;

(3) bases of certain critical and highly important characteristics; and

(4) a specific type of mercaptan [e.g., thioglycolic acid].'

* * *

"In other words, in order to avoid Speakman before the Patent Office, the defendant in 323, as it did in 710, placed its reliance upon a criticality invention, and not merely the invention of a new and useful composition of matter. * * * surely it is the unavoidable conclusion of the following statements made by the defendant in the same response:

* * *

" '*In effect applicant's discovery of this critical range of the pH control for mercaptans is a basic ground for allowing patent claims thereon. The law is quite uniform in supporting the contention that the discovery of the critical range over other ranges or within a broad range is clearly patentable.*' (Emphasis added [by Judge Rifkind].)

* * *

" * * * Having sought issuance of the patent on the ground of a 'criticality' invention, the defendant cannot change horses in midstream. It will not do to urge, as the defendant does, that the patent might

have been issued by the Patent Office on some other ground; such a contention is not only unsound in law, but in fact as well. For in the decision of the Board of Patent Interferences, which awarded priority of invention to McDonough over Martin, the Board clearly relied upon the 'criticality' concept of invention to sustain McDonough's claim of priority. Thus, the Board said:

> "'No one reading the said Martin specification, not even one skilled in the art, would, in our opinion, validly obtain any impression that a pH between 7 and 9.5 in relation to the required ingredients, *the very heart of the invention,* was an agency in his process. * * * Consciousness of *this critical central concept and main guiding factor upon which patentability depended* and a clear teaching thereof is a minimum consideration for finding supporting disclosure for the counts.' (Emphasis added [by Judge Rifkind].)"

## Fifth Question Presented

### ("Double Patenting")

a. "Is the patentability of 323

b. "for the discovery of a new composition of matter consisting of an aqueous solution of T-acid and ammonia (at stated pH and concentration ranges) and a new use of that composition,

c. "which is unique as a species with properties that are *sui generis,*

d. "separate and distinct from the claimed patentability of 710

e. "for the discovery that special laws and criteria govern mercaptans in hair waving making them under those special laws and criteria different in kind from all mercaptan hair waving compositions outside the special laws and criteria?"

**Answer to Fifth Question**

a. The invention of 323 is entirely encompassed within 710.

Petitioner asserts (p. 35) that:

> "The inventions of 710 and 323 are entirely distinct and separable."

The record is entirely to the contrary, as witness the following concession in petitioner's "Response to Defendants' Memorandum in Lieu of Further Oral Argument on the Objections to the Master's Report" (p. 31):

> "It is true that *the same thioglycolic acid examples appear in both patents,* but this is saying nothing more than *the 710 patent discloses the 323 invention,* which confessedly it does." (Emphasis supplied.)

Petitioner seeks to distinguish the two patents by characterizing 710 as an invention of "special laws" and 323 as an invention of a hair waving solution (p. 34):

> "Undeniably, 710 was litigated and held invalid in the Second Circuit as an invention asserting the discovery of special laws of pH, special laws of concentration, special laws of molecular weight and special laws of bases. The 'core of the 710 invention

> was the discovery of special laws; the core [of the 323 invention] is the use of thioglycolic acid and ammonia in a solution of stated concentrations.' "

The admitted fact, however, is that 710 also covers a hair waving solution. This appears from the following colloquy between Court and counsel in the 710 case in New York (*Helene Curtis Industries* v. *Sales Affiliates*, 233 F. 2d 148, 2 Cir. 1956) as quoted in the record of the present case (Tr. 1005):

> "The Court [Judge Kaufman]: What is the claimed invention [of 710]?
>
> "Mr. Finnegan: • • • the claimed invention, to put it very simply, is a solution for waving hair which constitutes a certain type of mercaptan within the pH range from 7 to not higher than 9.5. That is the claimed invention."

The so-called "special laws of pH, special laws of concentration," etc. of 710 are nothing more than the pH and concentration values or proportions which appear identically in the two patents. This was admitted by petitioner's own patentee McDonough (Tr. 1174):

> "Q. [Mr. Stoll] • • • Did you testify in this last answer that all of these values, *the range of pH, the range of concentration,* the dissociation constant, the various alkaline materials, the various mercaptans, that *all of this is taught in 710 and in 323* and as to these things and all of the other values that you may have mentioned in this last answer, *the teaching is the same in both patents,* is that your testimony? A. [Dr. McDonough] That is right." (Emphasis supplied.)

The Court of Appeals was fully justified in holding (p. 9a) that:

> "No one cognizant of the art can read the two patents without immediate recognition of the identity. The specifications in each are frequently parallel. The pH ranges are the same, as are the concentration ranges."

b. 710 and 323 claim the same thioglycolic acid-ammonia composition of matter.

Petitioner asserts (p. 35) that:

> "710 does *not* claim a composition of matter, 323 *does* claim a composition of matter." (Petitioner's emphasis.)

This representation that "710 does *not* claim a composition of matter" directly contradicts petitioner's representation in its Petition for Certiorari in the 710 case (*Helene Curtis Industries* v. *Sales Affiliates,* 233 F. 2d 148, 2 Cir. 1956, cert. den. 352 U. S. 879, 77 S. Ct. 101, reh. den. 352 U. S. 945, 77 S. Ct. 260) that (p. 6):

> "The invention of the [710] patent is directed to *new compositions of matter* in the old art of permanent waving of human hair * * *." (Emphasis supplied.)

(p. 42):

> "These typical limitations of the patents [including 710, claim 2] are binding on the patentee *as a matter of claim scope.* They define the type of *composition* which can be infringed. They limit the relations of pH and concentration within those *compositions.* They confine any enforcement of the

> patent in suit to *permanent waving compositions* * * *." (Emphasis supplied.)

Entirely contrary to petitioner's present position (that "710 does *not* claim a composition of matter") is the record in all of the 710 and 323 litigation that preceded the filing of the instant Petition for Certiorari. Thus, in the very proceeding which gave birth to 710 (the R. S. 4915 suit entitled *Sales Affilates and Procter & Gamble Company* v. *John A. Marzall, Commissioner of Patents,* D. C. D. C., Civil Action No. 4658-49), the Court made the following finding of fact (PX-44 in the present case, Appellee's Appendix, p. 76a):

> "28. * * * *New compositions of matter* and improved results in the methods of using such compositions *are disclosed and claimed.*" (Emphasis supplied.)

Not only do the 710 claims cover a composition of matter, but they actually cover the thioglycolic acid composition of matter of 323. This appears from the testimony and the briefs. Thus (Tr. 163):

> "Q. [Petitioner's attorney Finnegan] and is it correct * * * that * * * *T. acid is one compound* appearing * * * in the [710] claims we just spoke of? A. [Petitioner's patentee McDonough] That's right. (Emphasis supplied.)

In Plaintiff-Appellee's Rebuttal Brief (p. 27) it is stated that:

> "Actually the invention protected by the claims of *the 710 patent relates to compositions* composed of hundreds of alkaline materials (*of which*

*ammonia is* only *one*) and hundreds of mercaptans (*of which thioglycolic acid is* only *one*)." (Emphasis supplied.)

This is the clearest concession that the 710 claims cover compositions of matter which include the thioglycolic acid and ammonia compositions of 323. Not only do the 710 claims encompass the thioglycolic acid-ammonia compositions of 323, but they also encompass the pH and concentration limitations of 323. Compare 710 claim 1 with 323 claim 18 as set forth in the opinion of the Court of Appeals (pp. 6a, 7a):

| | 710 claim 1 | 323 claim 18 |
|---|---|---|
| pH | "higher than pH 7 and not higher than pH 9.5" | "pH between 7 and 9.5" |
| concentration | "between about 1% and about 10%" | "about 2% to 10%" |

The Court of Appeals was obviously fully justified in its conclusions (p. 9a):

> "Tidewater concedes that the invention claimed in 323 was disclosed in 710, but it denies that any claims therefore were asserted in 710. This denial we think is untenable. • • •
>
> " • • • While 710 does not favor the use of T-acid, it certainly claims its use generally. The coincidence of the claims of 710 and those of 323 clearly appears in the Claims 1-4, 6-7, 13-14, and 17-18, of 710, • • • for *T-acid fits into the prescription of each of them.*" (Emphasis supplied.)

c. 323 cannot be used without infringing 710.

In "Defendants' Objections to the Master's Report" (p. 445) it was stated that "323 cannot be used without infring-

ing 710". Petitioner's Reply (p. 118) conceded that "This statement of the defendants is absolutely true".

The fact is that both 710 and 323 have been successively asserted against the same thioglycolic acid-ammonia cold waves. *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 945 (2 Cir. 1957).

The fact further is that petitioner acquired 710 to protect its 323 licensees against claims of infringement of 710. This appears from the following testimony of petitioner's president Kinney (214a-215a):

> "Q. [Respondents' Attorney Spindle] Why did you acquire it [710]? A. [Mr. Kinney] For the reason that you have brought up in your questioning. In a discussion with possible licensees the first thing that comes up is what protection would we have against 710 outside—liability under 710—and it occurred to me that the way to overcome that would be to own 710."

Conversely, the thioglycolic acid-ammonia cold waves of 710 cannot be used without infringement of 323 since precisely the same thioglycolic acid-ammonia cold waves are covered by the claims of both patents. In short, the thioglycolic acid-ammonia cold waves of 710 infringe the claims of 323 just as the thioglycolic acid-ammonia cold waves of 323 infringe the claims of 710.

This is conceded, in effect, by the petitioner, in the following excerpts from "Plaintiff's Comments on Defendants' Reply Brief" before the District Court (p. 47):

> "(a) Defendants basically assert that there is double patenting since claims of each patent would be infringed by the same product.
>
> • • •

> "Comment: (a) The test of double patenting is not whether the claims of both patents would be infringed by the same product. * * * "

The fact—that the same product would infringe the claims of both patents—is admitted; only the conclusion —that this constitutes double patenting—is denied. Petitioner cites no authority in support of its position. However this Court and the several circuits are agreed that double patenting is established.

> *Miller* v. *Eagle Mfg. Co.*, 151 U. S. 186, 198, 200 (1894);
> *Helene Curtis Industries* v. *Sales Affiliates*, 233 F. 2d 148, 159 (2 Cir. 1956);
> *Plax Corp.* v. *Precision Extruders*, 239 F. 2d 792, 796 (3 Cir. 1957);
> *S. H. Kress & Co.* v. *Aghnides*, 246 F. 2d 718, 726 (4 Cir. 1957);
> *Hutchens* v. *Faas*, 249 F. 2d 465, 467 (9 Cir. 1957).

The Court of Appeals was fully justified in finding in the case at bar (p. 10a), although its conclusion was modified on rehearing (p. 21a), that:

> "Proof of double patenting is found in the concession of Tidewater that any product made under 323 would infringe 710. This concession appears explicitly at page 14 in Tidewater's response to appellant Kitchen's exceptions to the master's report. It is implicit in the testimony of Tidewater's president to the effect that his company acquired 710 to assure protection of its 323 licensees against accusations of infringement of 710. True, 710 may be pursued without infringing 323. This is so, however, only in reference to those claims of 710 not copied in 323."

## Sixth Question Presented
## ("Double Patenting")

a. "Since 710, the first issued patent, was held invalid in the Second Circuit

b. "and is conceded to be invalid in this litigation by petitioner, the patent owner,

c. "can 323 be held void as a double patent of 710?"

## Answer to Sixth Question

a. This question of "double patenting" over an invalid patent was not raised before the Court of Appeals (although previously raised before the District Court) and was therefore waived.

Rule 10(8) of the Rules of the Court of Appeals for the Fourth Circuit provides that:

> "Points not argued in the briefs will be deemed abandoned * * *."

This rule was applied in *Marvel Specialty Co.* v. *Bell Hosiery Mills,* 330 F. 2d 164, 169 (4 Cir. 1964), cert. den. 379 U. S. 899, 85 S. Ct. 187.

Petitioner did not argue the "double patenting" point (raised in the Sixth Question) in the briefs submitted to the Court of Appeals, nor did petitioner otherwise argue or raise the point. Respondents had no opportunity to respond to it; the Court of Appeals had no occasion to consider or decide it. It was accordingly abandoned.

b. This question of "double patenting" over an invalid patent was not raised before the Court of Appeals and therefore may not be raised here.

As stated in *Ellis* v. *Dixon*, 349 U. S. 458, 460, 75 S. Ct. 850, 852 (1955), "The question * * * was not raised below, and hence is not open here". *U. S.* v. *Arnold, Schwinn & Co.*, —— U. S. ——, 87 S. Ct. 1856, 1863 n. 5 (June 12, 1967).

c. Petitioner's concession of invalidity of 710 is made now for the first time.

For the purposes of the "double patenting" question which is herein raised, petitioner, for the first time in this litigation, concedes invalidity of 710 (p. 36):

> "Respondents concede the invalidity of 710, as do petitioners."

The representation that "Respondents concede the invalidity of 710" is quite gratuitous since validity or invalidity of 710 has never been an issue in this case and respondents have never had occasion to make any concession of invalidity of this patent.

Nor has petitioner heretofore made any such concession. When petitioner raised the same "double patenting" question in the District Court, petitioner did so on the basis of a hypothetical assumption of invalidity (Plaintiff's Answering Brief, p. 93):

> "*For the sake of argument, assume* that the generic inventions claimed in 710 were invalid (2nd Circuit Court of Appeals has so held) in which case the 710 patent would be void *ad initio*, and there would be no monopoly granted by the 710 patent. Hence, double patenting would be impossible * * * ." (Emphasis supplied.)

At the trial, in response to an inquiry from the Bench, counsel for petitioner made the following statement (Tr. 186):

> "Mr. Finnegan: * * * there is no infringement suit by Tidewater invoking these [710 and 323] patents against anybody in the country anywhere *at this time except right here.*" (Emphasis supplied.)

This statement falls far short of a concession of invalidity or assurance that no suit would ever in the future be instituted against the present respondents or others for infringement of 710.

Indeed, petitioner acquired 710 for the stated purpose of protecting 323 licensees against suit under 710 (Appendix to Appellants' Brief, pp. 214a-215a):

> "Q. [By Respondents' Attorney Spindle] Why did you acquire it [710]? A. [By Petitioner's President Kinney] For the reason that you have brought up in your questioning. In a discussion with possible licensees the first thing that comes up is what protection would we have against 710 outside—liability under 710—and it occurred to me that the way to overcome that would be to own 710."

d. Petitioner's concession of invalidity of 710 fails to meet the requirements of the patent statute.

Petitioner's concession is a rather private affair, made known only to those who may read the instant Petition for Certiorari. But what of the public generally, the affected industry in particular, how are they made aware of petitioner's concession of inbalidity of 710?

And what is the legal effect of such concession? Does the concession invalidate 710 and put it in the public domain? Are future infringement suits barred? What is to preclude petitioner from reconsidering and retracting

the concession, or assigning the patent to one who would not honor the concession?

The patent statute contains a disclaimer section (35 U. S. C. 253) which provides for the disclaimer of invalid claims or the patent term or any terminal part thereof. This section reads in part as follows:

> "• • • A patentee • • • may • • • make disclaimer of any complete claim • • •. Such disclaimer shall be in writing and recorded in the Patent Office • • •.
>
> "In like manner any patentee • • • may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted • • •."

There is no indication in the record that petitioner has complied with this disclaimer statute. Absent such compliance, petitioner's concession of invalidity of 710 can have no legal effect on the "double patenting" question presented in the Petition for Certiorari.

e. Invalidity of 710 does not validate 323.

Petitioner's position is stated (p. 37) as follows:

> "In *H. C. White Co.* v. *Morton E. Converse & Son Co.*, 20 F. 2d 311, 313 (2 Cir. 1927), the Court of Appeals for the Second Circuit held that the invalidation of a prior patent destroys the defense of double patenting asserted against a subsequently issued patent for the same invention. This decision of the Second Circuit is in conflict with the decision of the Court of Appeals for the Fourth Circuit in the instant case holding 323 void for double patenting of the invention of the invalid 710 patent."

Petitioner overlooks the principal vices of double patenting as set forth in the opinion of the Court of Appeals in the present case (p. 14a):

> "* * * the six claims here of 323 are invalid as double patenting by their duplication of 710. Miller v. Eagle Mfg. Co., 151 U. S. 186 (1894). The injury resulting is at once evident. Apart from subjecting the appellant-defendants to the damages ordered assessed, *such repetitive patenting would extend the effectiveness of 710 from its expiry in December 1968 to 323's terminal date of February 1973.* At the same time it would expose the public to double threat and hazard." (Emphasis supplied.)

Whether 710 is valid or invalid, 323 is a "duplication of 710" extending the patent monopoly to February 1973, four years beyond the 710 expiration date. Regardless, therefore, of the validity or invalidity of 710, 323 is invalid on the ground of double patenting.

Petitioner's position is untenable for another reason. Petitioner contends that its concession of invalidity of 710 destroys the defense of double patenting. But that concession was made upon the filing of the instant Petition for Certiorari. The day before, double patenting was a defense. And since 323 was invalid for double patenting prior to the concession of invalidity of 710, how could such concession validate an invalid patent?

Petitioner professes to find a conflict between the Second and Fourth Circuits on the double patenting issue under discussion. The contrary is the case since both circuits have now held 323 invalid over 710. Indeed, one of petitioner's major bones of contention with the Court of

Appeals in the present proceeding is directed to its statement (p. 37) that:

> "When it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York." (Original accent.)

One of petitioner's juicier comments on this statement by the Court of Appeals is the following (p. 42):

> "The conclusive weight given to the New York decisions by the Court of Appeals for the Fourth Circuit has made a travesty of petitioner's rights; it has abdicated its judicial responsibilities and confusedly and blindly decided the appeal before it by giving conclusive weight to the inapplicable decision of another court contrary to the long settled decisions of this Court."

The *White* case cited by petitioner is not apposite. It was there held that where a single invention will support *either* a design patent *or* a mechanical patent but not both, an adjudication of invalidity of one (the design patent) will save the other (the mechanical patent). This is not a conventional double patenting case since design and mechanical patents provide different forms of patent monopoly and neither is capable of extending the term of the other.

### Seventh Question Presented

### ("Complete abdication of judicial function.")

a. "Under established principles of law (that the primary duty of every court is to decide cases right, that a suit for patent infringement is *in personam*, concludes nobody but the parties and is not custom-

arily reviewed by the Supreme Court in the absence of conflicting decisions in different circuits);

b. "in the light of the admission by the Second Circuit that its changing tests of invention made patent validity dependent on the date of adjudication;

c. "and in view of Second Circuit decisions which are irreconcilable with the earlier 710 decision;

d. "in a plenary suit between different parties, in which the Special Master and District Court adjudicated that the patent was valid and that petitioner was not the *alter ego* of the prior owner of 323;

e. "did the Court of Appeals below depart from the accepted and usual course of judicial proceedings

f. "by holding that the invalidity of 323 had been '*conclusively* demonstrated by the Federal Courts in New York' in a summary proceeding which declared 323 invalid by reason of the collateral estoppel of the earlier 710 judgment?"

**Answer to Seventh Question**

a. The Court of Appeals abdicated *no* judicial responsibility when it held that the invalidity of 710 and 323 "had been *conclusively* demonstrated by the Federal Courts in New York" (original accent).

Petitioner's position (p. 37) is that:

> "On no basis, in fact or in law, could the New York decisions be conclusive. That the Court of Appeals thought so establishes its failure to follow the accepted and usual course of judicial proceedings."

Petitioner's position (p. 41) further is that:

> "In patent cases, neither reason nor authority supports the contention that an adverse adjudication precludes another suit upon the same claims against a different defendant."

Petitioner misconstrues the decision of the Court of Appeals. What that Court really said was (p. 18a) that:

> "• • • when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal Courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here."

Here is full recognition of petitioner's asserted right, in a different jurisdiction and against a different defendant, to relitigate the validity of its 323 patent.

The statement in the opinion of the Court of Appeals that invalidity of 710 and 323 "had been *conclusively* demonstrated by the Federal Courts in New York" is not a holding of "*res judicata* or collateral estoppel" (p. 41), but rather a finding or recognition of conclusive evidence—regardless of whether or on whom it is legally binding. 32A C. J. S. p. 622. Indeed, the Court of Appeals expressly stated (p. 4a) that:

> "We are urged to dispose of this case upon a plea of res judicata or judgment by estoppel—that the New York decisions are conclusive here. • • • As we find the patent invalid in itself, we have no occasion to rule on the effect here of the New York decisions."

b. The 323 patent was fully litigated in New York.

Petitioner downgrades the 323 case in New York to a "summary proceeding" which has no weight "even as precedent in the Virginia 323 plenary litigation", and petitioner then declares (p. 39) that:

> "Thus, in the District Court in the Fourth Circuit, for the first time, the 323 patent had its full day in court, in a case supervised and controlled by its actual owner, in a case in which the patent was unquestionably under the Court's jurisdiction, in a case in which all the issues were tried in a complete plenary proceeding * * *."

Petitioner does not fully or fairly represent the facts of the 323 case in New York to this Court.

323 was defended in New York by the same attorney who has represented petitioner throughout all of the proceedings in the present case. That he was retained in New York by Sales Affiliates and here by petitioner is of no significance on the present issues. Actually, two Circuits have now held that petitioner is the *alter ego* of Sales Affiliates. *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 (D. C. N. Y. 1958); original opinion of the Court of Appeals in the present case (p. 18a) and opinion on rehearing (p. 19a) where the repeated reference to petitioner's litigation and relitigation of 323 is a holding of *alter ego.*

Counsel (now for petitioner, then for Sales Affiliates) had every opportunity to try the 323 case in New York on its merits, and any omission of testimony or evidence was a matter of choice and not of compulsion. This appears from the following colloquy between Court and counsel in the case at bar (Tr. pp. 1634-1635):

> "[Mr. Finnegan] * * * there was no real contest on the merits of the controversy or the validity of 323 in New York.

> The Court: Where were you then? Were you there?
>
> Mr. Finnegan: I was there, yes, sir. But Sales Affiliates chose not to contest it. * * * "

Actually, Sales Affiliates did contest it. As stated in the report of Special Master Rifkind (DX-44 in the present case, Defendants' Appendix, p. 57a):

> "Hearings on the application were held before me on May 14, 18 and June 9, 1956. Depositions of witnesses were taken in Kansas City on June 7, 1956 and were offered in evidence at the hearings. Final argument was had on September 12, 1956."

Sales Affiliates' brief before the Special Master in the 323 case in New York reads like petitioner's brief before the Special Master in the case at bar. The following is the index of patent points in the Sales Affiliates' Brief in New York:


| | | PAGE |
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| | 1. The genus character of the 710 invention was basic to the 710 decision; the 323 patent is for a species ..... | 46 |
| | 2. As a matter of law, species are different inventions from the genus and may rest on a different inventive concept ..... | 49 |
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1. Definiteness of the 323 claims in light of the 323 disclosure ..... 80

2. The Court of Appeals law of the case does not apply to the 323 species ..... 83

H. There is no "New Matter" in the 323 patent 85

The Appendix in the 323 appeal to the Second Circuit Court of Appeals consisted of 621 patent size pages. This was anything but a summary proceeding. As characterized by the Second Circuit Court of Appeals (*Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 946):

> "• • • the only missing badge of a plenary proceeding was the service of an original summons. • • • Indeed, it is difficult to imagine what more could possibly have been presented in a so-called 'plenary' proceeding."

c. Invalidity of 323 was conclusively demonstrated by the Federal Courts in New York.

Invalidity of 323 was "conclusively demonstrated" by the District Court in *Helene Curtis Industries* v. *Sales Affiliates,* 161 F. S. 345 (D. C. N. Y. 1958) and in the Report of Special Master Simon H. Rifkind (DX-44 in the present case, Defendants' Appendix, pp. 53a-76a) upon which said District Court decision was based. Petitioner disagrees.

But the New York decisions are not subject to collateral attack, and certainly not by this petitioner, the creation, assignee and *alter ego* of Sales Affiliates, the losing party in the *Helene Curtis* litigation. If Judges Rifkind and Kaufman were wrong in their showing and holding of invalidity of 323, the place to reverse them was in the Second Circuit Court of Appeals. Sales Affiliates was not one to forego an appeal, as the record so amply shows. Yet the adverse 323 decision in 161 F. S. 345 was not appealed. This appears from the following colloquy between the District Court and counsel for petitioner in the present case (Tr. 1164):

> "The Court: What happened with reference to the decision of Judge Kaufman on the 323 patent? Was that appealed to the Second Circuit?
>
> Mr. Finnegan: No, Your Honor, it was not.
>
> The Court: It was not.
>
> Mr. Stoll: Well, I understood an appeal was filed, isn't that so?
>
> Mr. Finnegan: Well, the appeal was dropped. I think it was filed. There was no appeal taken or prosecuted."

This failure to appeal the adverse 323 decision in New York is a confession that that decision is correct. It obviously cannot be challenged by a Petition for Certiorari in the present case.

d. The opinion of the Court of Appeals that invalidity of 323 was "conclusively demonstrated" is unassailable.

Petitioner's position (p. 42) is set forth as follows:

> "The conclusive weight given to the New York decisions by the Court of Appeals for the Fourth Circuit has made a travesty of petitioner's rights; it has abdicated its judicial responsibilities and confusedly and blindly decided the appeal before it by giving conclusive weight to the inapplicable decision of another court contrary to the long settled decisions of this Court."

As has above been shown, the Court of Appeals in the case at bar has *not* given conclusive weight or *any* legally binding effect to the decisions of the New York Courts. What the Court of Appeals has done was to find and hold that the evidence in the 323 case in New York—which closely parallels the evidence in the present case—was so strong as to conclusively demonstrate the invalidity of 323.

Does petitioner wish to have the Supreme Court evaluate the decisions of the New York Courts to determine whether the Fourth Circuit Court of Appeals was justified in finding and holding that they conclusively demonstrated the invalidity of 323?

## Eighth Question Presented

**("Extraordinary award of attorney fees.")**

a. "After 710 was held invalid in the Second Circuit by declaratory judgment against Sales Affiliates,

b. "323 issued to petitioner in Virginia, but was held invalid in the Second Circuit on a motion for summary relief at the foot of the 710 judgment served on Sales Affiliates only,

c. "on the ground that petitioner was the *alter ego* of Sales Affiliates and subject to collateral estoppel by the 710 judgment.

d. "The first and only time 323 was litigated in a plenary action and petitioner was itself a party,

e. "the District Court in Virginia on a different record, confirmed the report of a Special Master and held 323 valid and petitioner not an *alter ego*.

f. "Question (a) In reversing, was the extraordinary award of attorney fees to the prevailing party by the Court of Appeals unconstitutional, by violating the Due Process Clause of the Fifth Amendment of the U. S. Constitution?

g. "(b) Was it also in violation of Section 285 of 35 U. S. Code?"

## Answer to Eighth Question

a. This is an exceptional case warranting the imposition of reasonable attorney fees.

Petitioner takes issue with the determination by the Court of Appeals (p. 18a) that:

> "Attorney fees in a reasonable amount should be awarded to the Appellants the prevailing parties. 35 U. S. C. 285. The exceptional circumstances dictating this allowance are the fact that when it brought this suit Tidewater was aware of the obvious invalidity of 710 and 323, for it had been *conclusively* demonstrated by the Federal courts in New York. Whether or not Tidewater had the naked right to relitigate in this Circuit, we think to sue again in the circumstances was an abuse of that right, especially in seeking to recover on grounds renounced in New York and in the District Court here. Plymouth Rubber Co. v. Minnesota Mining & Mfg. Co., 203 F. Supp. 595, 601 (1962), affirmed and modified on other grounds, 321 F. 2d 151 (1963), cert. den. 375 U. S. 969 (1964). To leave the appellants or their indemnitors to bear the expense of defending Tidewater's accusations of infringement upon these facts would be to saddle them with an unjust hardship." (original accent.)

Petitioner challenges this determination (p. 42) as follows:

> "This raises important questions respecting the interpretation of 35 U. S. C. §285 allowing such fees only in exceptional cases.
>
> "1. That this was not an exceptional case justifying such an award clearly appears from the discussion establishing not only that the New York litigations were not conclusive but that they had no weight herein * * * ".

However, the Court of Appeals has held that the New York Courts "conclusively demonstrated" the invalidity of 323 and that relitigation in the circumstances was an

abuse of the right to relitigate a patent case in another jurisdiction. Petitioner protested this holding in a Petition for Rehearing addressed to the Court *en banc*. The Court confirmed its views (p. 19a) as follows:

> "* * * Relitigation of patent 323 was, in the circumstances, an abuse of that right. We thought it vexatious. We still think so. If Tidewater wants to litigate and relitigate, it alone should pay the cost when it does not prevail."

Query: Is this a matter which should concern the Supreme Court, the question of whether petitioner's conduct was so vexatious as to justify the imposition of attorney fees? We think not.

b. There is ample precedent for the imposition of reasonable attorney fees in the present case.

In support of its award of reasonable attorney fees in this case, the Court of Appeals cited (p. 18a) *Plymouth Rubber Co.* v. *Minnesota Mining & Mfg. Co.*, 203 F. S. 595, 601 (D. C. Mass. 1962), affirmed and modified on other grounds, 321 F. 2d 151 (1963) cert. den. 375 U. S. 969, 84 S. Ct. 489 (1964). This case is pertinent not only because of its views on awarding attorney fees in exceptional circumstances, but also because of its citation of the *Helene Curtis* litigation in New York as an illustration of what constitutes vexatious conduct. We can do no better than quote *Plymouth Rubber in extenso* as follows (203 F. S. at p. 601):

> "* * * The conduct of Minnesota with reference to the multitudinous actions it has filed in connection with its Oace patent can be accurately characterized by the language of Judge Kaufman in Helene Curtis Industries v. Sales Affiliates, D. C., 105 F. Supp. 886, 902, aff'd. 199 F. 2d 732 (2 Cir. 1952):

> "'[Defendant] is forum shopping with a vengeance. I discern no other rationale which can adequately explain the strategems which it has employed through this controversy. *Our courts are not meant for such use'.*" (Emphasis added [by the quoting Court].)
>
> • • •
>
> "The final question raised by the pleadings is whether or not an attorney's fee should be awarded to Plymouth. It is clear, under 35 U. S. C. A. §285, that an attorney's fee is to be awarded only in the exceptional case. Exceptional cases, for purposes of Section 285, are those in which the conduct of the party against whom attorney fees are awarded may be characterized as unfair or vexatious or involving bad faith or some other equitable consideration which makes it unjust that the prevailing party be left to bear the burden of his own counsel fees, which prevailing litigants normally do bear.
>
> • • •
>
> "I find and rule that the conduct of Minnesota in this case, in which it again is unsuccessfully asserting contentions rejected many times previously by other Federal courts, is both vexatious and unfair, and I award attorney fees to Plymouth. • • •"

It was not only Judge Kaufman (as quoted in the *Plymouth Rubber* case) who was vexed with the conduct of Sales Affiliates in the *Helene Curtis* litigation. The Court of Appeals for the Second Circuit, on at least two occasions, expressed similar views. We refer to *Helene Curtis Industries* v. *Sales Affiliates,* 199 F. 2d 732, 733, 734 (2 Cir. 1952), where the Court wrote as follows:

> "• • • Generally speaking, a simple case pending in diverse courts may be allowed to go forward

simultaneously in each tribunal until one reaches final judgment, and prior judicial control or direction is unnecessary if not undesirable. But that is not the case when a major industry is left in turmoil for some years while litigation as to it sprouts in various parts of the country. * * * It appears that after strong threats of litigation had demoralized the business and the two present suits for declaratory judgments of invalidity had been instituted, the defendant filed a total of six infringement actions against ten concerns in different parts of the country.

* * *

"The district court finds defendant guilty of 'forum shopping with a vengeance.' 105 F. Supp. at page 902. There is certainly strong support for this in the record, not lessened by the defendant's vigorous appeals to us during the summer and now. Defendant could more properly push forward with the hearings already under way and thus assist in hastening the adjudication which all should wish to obtain."

The Second Circuit Court of Appeals again had occasion to deal with the vexatious conduct of Sales Affiliates in *Helene Curtis Industries* v. *Sales Affiliates,* 247 F. 2d 940, 945 (1957). This was the case in which the Court of Appeals held that Helene Curtis was entitled to an adjudication of the 323 controversy, regardless of Sales Affiliates' contention that 323 was owned by another company, to wit, petitioner herein. We quote the following statement from the opinion of the Second Circuit Court of Appeals (247 F. 2d at p. 945) for its pertinency to the present proceeding:

> "There has been a potential state of warfare in the industry since the late 1940's at least. 105 F. Supp. 886, 897-899. This Court noted that 'a major industry [had been] left in turmoil for some years while litigation * * * sprout[ed] throughout the country. * * * It appears that * * * strong threats of litigation had demoralized the business.' 2 Cir., 1952, 199 F. 2d 732, 733. The decision as to 710 should have settled matters but now the plaintiff has introduced evidence tending to indicate that under the cloak of a second patent, Sales Affiliates is attempting to keep the industry in a turmoil by subjecting retailers and manufacturers of these products to infringement suits throughout the country. Thus, not only the present plaintiffs but also the entire industry are in sore need of injunctive relief if under the facts and the law it is available."

The present Court has recently noted the statutory authority for an award of reasonable attorney fees in patent litigation. *Fleischmann Distilling Corporation* v. *Maier Brewing Co.*, 386 U. S. ——, 87 S. Ct. 1404, May 8, 1967.

Petitioner questions the right of the Court of Appeals to award attorney fees in the absence of a prior supporting determination by the District Court (p. 43):

> "The award of attorney fees by the Court of Appeals was made without any prior determination by the District Court of the factual issues which are conditions precedent to such an award."

However, petitioner has answered its own question by noting (p. 43) that:

> "Petitioner prevailed in the District Court and respondent's request for attorney's fees was denied by that Court (App., p. 42a). There was no occasion for the award of attorney's fees to respondents to be litigated in the District Court in view of that Court's disposition of the cause before it in favor of the petitioner."

## CONCLUSION

**For the reasons above stated, it is respectfully submitted that there is no basis in fact or in law for the granting of the Petition for Certiorari and its denial is respectfully urged.**

Respectfully submitted,

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